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NEW OPPORTUNITIES FOR U.S. POLICY IN THE EASTERN MEDITERRANEAN

A STAFF REPORT

TO THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

APRIL 1989

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LETTER OF TRANSMITTAL

MARCH 17, 1989.

The Honorable CLAIBORNE PELL,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, DC 20510

DEAR MR. CHAIRMAN: At your direction, I travelled to Greece, Turkey and Cyprus to determine whether recent developments in the region have created new opportunities for U.S. policy.

The developments in the Eastern Mediterranean over the past year—from the emergence of the Davos process, to the election of President Vassiliou, to the revival of the intercommunal talks on Cyprus—offer new hope for the settlement of long festering disputes in the region. These long-standing problems have weakened NATO's southern flank and strained U.S. bilateral relations with Greece, Turkey and Cyprus. The new developments in the region give the United States an opportunity, unparalleled in recent years, to help resolve these problems. This report assesses the situation in the Eastern Mediterranean and examines some ideas and proposals for a more activist U.S. policy in the region. The Committee is likely to confront many of these issues during its upcoming consideration of the Foreign Aid authorization bill.

In preparing this report, I spoke with senior defense and foreign affairs officials, political leaders, journalists, and academics in Greece, Turkey and Cyprus. Among those I met with were: in Cyprus—President Vassiliou; Mr. Denktash, leader of the Turkish Cypriot community; Mr. Clerides, leader of the Democratic Rally Party; Dr. Lyssarides, President of the House of Representatives; Mr. Camilion, U.N. Special Representative; and General Greindl, Commander of UNFICYP; in Greece—Alternate Foreign Minister Capsis and Alternate Foreign Minister Pangaloss; leader of the New Democracy Party, Mr. Mitsotakis; Chief of the Hellenic National Defense General Staff, General Kouris; in Turkey—Mr. Kamel, Deputy Undersecretary for Multilateral Political Affairs; Mr. Ozceri, Director General for International Security Affairs; Mr. Inan, Minister of State; Mssrs. Baykal and Ergenekon, the General Secretaries of the leading opposition parties.

Throughout the trip, I benefited from the expertise and support of able U.S. diplomats. Special thanks go to William F. Rope, Michael I. Austrian, and Bruce I. Turner in Turkey, Robert Clarke in Greece, and John Nix and Eric Tunis in Cyprus.

Sincerely,

CHRIS VAN HOLLEN, Jr.

EXECUTIVE SUMMARY

OVERVIEW

In January 1988, Greek Prime Minister Andreas Papandreou and Turkish Prime Minister Turgut Ozal met in the Swiss town of Davos to launch a process of rapprochement. Less than 1 month after the Davos meeting, the Republic of Cyprus elected a new president, George Vassiliou. Within 6 months of that election, President Vassiliou met with Mr. Rauf Denktash, the leader of the Turkish Cypriot community. Theirs was the first face-to-face meeting between Greek and Turkish Cypriot leaders since January 1985. After that meeting, U.N. Secretary General Perez de Cuellar set June 1, 1989, as the target date for a negotiated settlement of the Cyprus problem.

The convergence of these events—the Davos meeting, the election of President Vassiliou, and the renewal of talks on Cyprus—has created new opportunities for the settlement of long festering disputes in the Eastern Mediterranean. While the United States is not a party to the disputes, it has an enormous stake in their successful resolution. The continuing problems in the Eastern Mediterranean have stymied efforts at effective coordination on NATO's southern flank and strained United States bilateral relations with Greece, Turkey, and Cyprus. The developments of the last year offer the United States an opportunity, unparalleled in recent years, to help resolve these longstanding disputes.

The Davos Process

The Davos process had its start in the personal initiatives of the two prime ministers. They met three times in 1988 to push the process forward despite initial resistance from some quarters of the Greek and Turkish bureaucracies. While there have been no breakthroughs on the major disputes, the two sides have signed agreements to reduce the risk of war in the Aegean and a series of negotiations are underway to expand economic interaction.

Of more significance than the modest agreements that have been reached to date is the fact that the Davos process has become slowly more institutionalized. At their first meeting, Prime Minister Papandreou and Prime Minister Ozal established a Political Committee and an Economic Committee. The regular meetings of these committees have helped shelter the Davos process from the still mercurial Greek-Turkish relationship.

The fact that the Davos process has survived a series of Greek-Turkish arguments over the past year suggests that it has put down some roots. However, these ongoing arguments also point to

the weakness of the Davos process; namely its failure to address seriously the major disputes that divide Greece and Turkey.

Until these fundamental disputes are addressed, the Davos process will be a fragile one. Progress on the major issues, however, is unlikely to occur before the Greek elections, which will be held sometime between now and July. Nevertheless, regardless of the outcome of those elections, the Davos process can be expected to continue in one form or another. The leaders of the New Democracy opposition party in Greece have long supported a dialog with Turkey.

Greek and Turkish Incentives

Both Greece and Turkey have strong incentives for keeping the Davos process alive. In March 1987, Greece and Turkey approached the brink of war over oil drilling rights to the continental shelf in the Aegean. This confrontation prompted Prime Minister Papandreou—who had earlier refused to talk with Turkey until Turkish troops were withdrawn from Cyprus—to initiate an exchange of correspondence with Prime Minister Ozal that culminated in the Davos meeting. Thus, Prime Minister Papandreou has hailed the "no war" understanding as the key accomplishment of Davos to date.

While the "no war" understanding is an important step, it remains only a gentlemen's agreement. No formal nonaggression pact has been signed. Nor have the disputes underlying the Greek-Turkish rivalry been resolved. While political and security concerns brought Prime Minister Papandreou to Davos, the Davos process has yet to resolve the deepseated problems that drive these Greek concerns. Despite the lack of dramatic progress, however, the Davos process remains the best forum available for resolving most of these problems. Greece, regardless of what government is in power, is likely to have a powerful interest in continuing the Davos process.

Turkey has entered the Davos process for different reasons and with different expectations than the Greek side. Given the preponderance of Turkish military power in the region, Turkey has few quarrels with the status quo security situation in the Eastern Mediterranean. From the Turkish perspective, the settlement of political-military disputes in the Eastern Mediterranean is not an end in itself. Rather, Turkish leaders view the Davos process as one piece of a comprehensive strategy for developing closer economic and political bonds with Western Europe. Turkey, which is currently an associate member of the European Community (EC), applied for full membership in April 1987. However, Greece, which is a full EC member, has declared that it will exercise its veto power over Turkish entry until some of the outstanding disputes between them have been settled, particularly the Cyprus problem.

As the year 1992 approaches—the target date for the full economic integration of EC member-states—Turkish leaders worry that Turkey will become severed economically, and to some degree politically, from the European family. Turkish leaders hope the Davos process will soften Greek resistance to Turkish membership in the EC and demonstrate to other EC members that Turkey is making a good-faith effort to settle its differences with Greece.

The Future of Davos

The divergent objectives which Greece and Turkey bring to the Davos process have understandably led to different priorities. Turkey believes the major disputes can best be tackled once a climate of confidence has been nurtured through greater economic cooperation. Greece, by contrast, believes a resolution of the political disputes is the key to establishing such confidence. Therefore, the Greek Government draws a direct link between progress on the economic front and progress on the political-military front.

Greece's principal leverage behind this linkage within the Davos process is its ability to curtail Turkish access to EC development funds and block full Turkish entry into the EC. While many Greek officials believe a Turkey firmly tied to the West would ultimately serve Greek interests, they see the question of EC membership as one of the only available means for ensuring Turkish flexibility at the negotiating table.

If the Davos process is to be a success, it must hold forth the prospect that both sides will be able to substantially achieve their divergent objectives. Greek officials have made it clear that Greece cannot accept an unfettered economic relationship with Turkey, or support Turkish entry into the EC, unless Greek political-military concerns in the Eastern Mediterranean are addressed. At the same time, Turkish officials have clearly stated that Turkey will not make unilateral concessions as the price for eventual entry into Europe's economic fold.

Greek and Turkish leaders face the challenge of finding a formula that allows both sides to claim success. While only the parties in the Eastern Mediterranean can decide which formulas meet the test, many in the region believe the United States, particularly in its capacity as a NATO member, can play a constructive role in helping find such a formula.

The Cyrpus Problem

Predictions about future developments in the Eastern Mediterranean are, more often than not, victims of the unpredictable. While a settlement has consistently eluded the parties in the past, recent developments offer greater promise than at any other moment. If the opportunities for settlement are not seized, the chance may pass forever.

Among the factors that have created the new opportunity are: (1) the election of President Vassiliou, who appears more determined than any of his predecessors to find a solution to the Cyprus problem, (2) the Davos process between Greece and Turkey, which has given both sides an interest in promoting rather than impeding progress toward a settlement, and (3) Turkey's growing interest in gaining entry into the EC. These factors have already led to a regular series of meetings between President Vassiliou and Mr. Denktash since August 1988.

Incentives for Settlement

There is currently an imbalance between the strong Greek Cypriot incentives to achieve a settlement and the relatively weaker Turkish Cypriot incentives. While the Greek Cypriots have built a

thriving economy in the southern part of the island, few of them are satisfied with the status quo. More than 30,000 Turkish troops and tens of thousands of Turkish settlers occupy the northern part of the island; Turkish Cypriots constitute only 19 percent of the population, but control territory in the north consisting of 37 percent of the island, including some of the most fertile areas; and one-third of the Greek Cypriot population was uprooted from homes in the north during the 1974 crisis.

Unlike the Greek Cypriots, the Turkish Cypriots have few complaints with the status quo. Unlike the 1960–74 period, when they were scattered around the island and felt themselves at the mercy of the Greek Cypriot majority, they now, backed by Turkish troops, control a substantial part of the island and exercise de facto control over all their affairs. Indeed, rather than looking for ways to end the de facto partition of the island, the Turkish Cypriots have taken steps to consolidate their gains. Thus, in November 1983, they unilaterally declared independence and proclaimed themselves the "Turkish Republic of Northern Cyprus" ("TRNC").

This general satisfaction with the status quo does not mean the Turkish Cypriots have achieved all their objectives. With the exception of Turkey, no state has recognized the "TRNC." This international political isolation has, in turn, retarded economic growth and contributed to the great disparity between the high economic growth in the south and the untapped economic potential of the north. While a settlement would put an end to this isolation, many Turkish Cypriots believe the passage of time may provide a better answer. Time, they believe, could bring economic growth and greater international recognition. While the Turkish Cypriots believe time is on their side, Greek Cypriots recognize that the further consolidation of the status quo will make a settlement more difficult to achieve.

The imbalance between the relatively strong Greek Cypriot incentives to reach a rapid settlement and the weaker Turkish Cypriot incentives must be reconciled if a solution is to be found. Discussions in the region suggest that two actions are needed to bridge the gap. First, the Greek Cypriots must be prepared to address many of the concerns which make the Turkish Cypriots uneasy about entering into a settlement. President Vassiliou has already taken steps in that direction. Second, outside parties, particularly Turkey, must press the Turkish Cypriots to make the necessary compromises.

Efforts by Greece and Turkey

Both Turkey and Greece have strong incentives to push for a settlement of the Cyprus problem. For Turkey, which provides financial aid to the Turkish Cypriots and shoulders the cost of Turkish occupation forces, a settlement could lift the burden on its treasury. A settlement would also remove a constant irritant in United States-Turkish relations and enhance Turkey's prospects for entering the EC. For Greece, a resolution of the Cyprus problem could contribute substantially to resolving its security concerns throughout the Eastern Mediterranean. Greece will not reach a separate peace with Turkey that does not encompass the Cyprus problem.

Whether or not Greece and Turkey translate these incentives into action remains to be seen. Given the vigor with which President Vassiliou is pushing for rapid results, most believe that Prime Minister Papandreou will not be required to participate actively in the process. Because the Turkish Cypriots have fewer incentives for striking a bargain, my discussions in the region suggest that Prime Minister Ozal will have to a play a more active role. It is likely that Turkey will have to exert constructive pressure on the Turkish Cypriots at the appropriate moments.

New Opportunities for United States Policy in the Eastern Mediterranean

The Davos process, the election of President Vassiliou and the beginning of fresh talks on Cyprus give the United States a new opportunity to strengthen NATO's southern flank and help resolve problems that have strained United States bilateral relations with Greece, Turkey, and Cyprus. While the parties in the Eastern Mediterranean have indicated that direct American mediation in either the Davos process or the Cyprus talks would be unacceptable, many in the region believe the United States can do more to help resolve the problems there.

In the past, the United States has often waited until the parties in the region were engaged in hostilities or at the brink of conflict before awakening to the dangers at hand. And once the immediate risks subsided, so too has United States interest in actively seeking to resolve the underlying problems. But sporadic policies characterized by last minute efforts do not serve long-term United States interests in the region. Many believe that the time has come to develop a more activist, long-term, and forward-looking policy.

Supporting Davos

Discussions with officials throughout the Eastern Mediterranean region suggest that the United States, NATO, and the EC could play a constructive role in bridging the gap between Greece's desire to resolve longstanding political-military concerns throughout the Eastern Mediterranean and Turkey's interest in joining Europe's economic club. Two areas deserve particular attention—those Aegean disputes that most disrupt NATO and the Cyprus problem.

The Aegean disputes that have most vexed NATO planners relate to the Greek-Turkish differences over the militarization of the Greek island of Lemnos and responsibility for NATO command and control in the Aegean. Discussions with individuals in the Eastern Mediterranean suggest that it may soon be opportune—after the Greek elections in June—for the United States to launch a new effort within NATO to resolve these disputes. Many believe such an effort would complement and invigorate the Davos process.

Even as ways to resolve the NATO-related Greek-Turkish disputes are explored, it will continue to be in the United States interest to encourage stable security arrangements in the Eastern Mediterranian. Some American experts have proposed that Greece and Turkey sign a nonaggression pact guaranteed by NATO. While this

idea has received some support in Greece, Turkey has shown little interest.

Whether or not Greece and Turkey enter into a formal nonaggression pact, United States security policy in the region will continue to be governed by the Foreign Assistance Act of 1961 as amended. Section 620(C) of that Act requires that United States aid to Greece and Turkey "be designed to ensure that the present balance of military strength among countries of the region * * * is preserved." If the United States were to suggest that, as a consequence of the improving relationship between Greece and Turkey, it would abandon its policy of preserving the current military balance—a policy reflected in the United States practice of providing military assistance to Greece and Turkey on the basis on a 7-to-10 ratio—Greece could have fewer incentives to make the Davos process work.

Finding a Solution on Cyprus: Defining the American Role

The United States has an important stake in the resolution of the Cyprus problem. Many of the Aegean disputes that inflame Greek-Turkish relations today and weaken NATO's southern flank can be traced to clashes over Cyprus. A resolution of the Cyprus problem would provide the stimulus for resolving the array of other disputes and restore NATO's credibility in the region. A settlement would also remove a source of continuing strain on American relations with Greece, Turkey, and Cyprus. Finally, the United States has a strong interest in resolving a highly emotional conflict that has ensnared United States policymakers on numerous occasions since the Republic of Cyprus was formed in 1960.

Conversations with officials in the region suggest that a vigorous effort to help resolve the Cyprus problem could significantly improve the prospects of a settlement. While U.S. State Department officials have made constructive efforts to nudge the Cyprus talks forward, the Cyprus problem has received very little high-level attention from the United States. In a March 15, 1989, letter to Secretary Baker, a bipartisan group of Senators on the Senate Foreign Relations Committee stated, "In our view the focus of U.S. policy should continue to be support for the U.N. mediation effort. However, with fresh talks underway, we are convinced that such support should take a more active form."

The Senators urged Secretary Baker to give the Cyprus problem his "prompt personal attention" and to "make the resolution of the longstanding Cyprus impasse a major priority in the months ahead." The Senators observed that "only a sustained effort on the part of the United States will convince all of the parties concerned, on Cyprus and in the Eastern Mediterranean, of our determination to help find a solution."

Discussions with officials throughout the region suggest that, in constructing a policy to take advantage of the new opportunities in the Eastern Mediterranean, the United States should build upon the framework established in Section 620(C) of the Foreign Assistance Act (FAA) and consider the following policy elements: Active support for the U.N. Secretary General's mediation efforts, including greater pressure on all the interested parties to make the necessary compromises; continued nonrecognition of the "TRNC"; pro-

motion of confidence-building measures; a renewed promise of economic assistance; greater cooperation between the executive and legislative branches; and strong support for the United Nations peacekeeping forces on Cyprus (UNFICYP).

NEW OPPORTUNITIES FOR UNITED STATES POLICY IN THE EASTERN MEDITERRANEAN

INTRODUCTION

In January 1988, Greek Prime Minister Andreas Papandreou and Turkish Prime Minister Turgut Ozal met in the Swiss town of Davos to launch a process of rapprochement. Less than a year earlier, in March 1987, Greece and Turkey had approached the brink of war over oil drilling rights on the continental shelf of the Aegean sea.

Three weeks after the Davos meeting, the Republic of Cyprus elected a new president, George Vassiliou. Within 6 months of that election, President Vassiliou met with Mr. Rauf Denktash, the leader of the Turkish Cypriot community. Theirs was the first face-to-face meeting between Greek and Turkish Cypriot leaders since January 1985. After that meeting, U.N. Secretary General Perez de Cuellar set June 1 of this year as the target date for achieving a negotiated settlement of the Cyprus problem.

The convergence of these events—the Davos meeting, the election of President Vassiliou, and the revival of the Cyprus talks—has created new opportunities for the settlement of long festering disputes in the Eastern Mediterranean. While the United States is not a party to the disputes, it has an enormous stake in their successful resolution. The unresolved problems in the Eastern Mediterranean have stymied efforts at effective coordination on NATO's southern flank and disrupted United States bilateral relations with Greece, Turkey, and Cyprus. The emergence of the Davos process and the revival of the Cyprus talks offer the United States an opportunity, unparalleled in recent years, to help resolve these long-standing disputes.

This report examines the current state of the Davos process and the Cyprus talks with a view to the new opportunities that have been created for American policymakers. Part I focuses on the Davos process. Part II explores the Cyprus problem. Part III outlines some ideas to be considered in constructing a policy to take advantage of the new opportunities in the Eastern Mediterranean.

I. THE DAVOS PROCESS

A. BACKGROUND

The Davos process had its start in the personal initiatives of the two prime ministers. They met three times in 1988 to push the process forward despite initial resistance from some quarters of the Greek and Turkish bureaucracies. While there have been no breakthroughs on the major disputes, the two sides have signed agreements to reduce the risk of war in the Aegean. They have also begun a series of negotiations to expand economic interaction.

Indeed, the chief proponents of the Davos process are the Greek and Turkish businessmen who anticipate large profits from the lifting of certain trade barriers.

Of more significance than the modest agreements that have been reached to date is the fact that the Davos process has become slowly more institutionalized. At their first meeting, Prime Minister Papandreou and Prime Minister Ozal established a Political Committee and an Economic Committee. The regular meetings of these committees have helped shelter the Davos process from the still mercurial Greek-Turkish relationship.

Over the past year the Davos process has survived a number of altercations between Greece and Turkey. The two sides have disagreed over the allocation of NATO infrastructure funds, Turkey complained that Greece's blockage of EC development funds to Turkey undercut the Davos spirit, and Greece charged Turkey with continued airspace violations. Earlier this year, a Greek-Turkish dispute over whether Turkish forces stationed at the port city of Mersin (the site from which Turkey launched its 1974 invasion of Cyprus) should be included in the upcoming conventional arms control talks threatened to delay the onset of the East-West negotiations. The fact that the Davos process has weathered these disagreements suggests that it has put down roots. However, these disagreements also reveal the weakness of the Davos process, namely its failure to address seriously the key disputes that generate the continued friction between Greece and Turkey. These disputes are outlined in the appendix.

Until these fundamental disputes are addressed, the Davos process will be a fragile one. Progress on the major issues, however, is unlikely to occur before the Greek elections, which will be held sometime between now and July. Nevertheless, regardless of the outcome of those elections, the Davos process can be expected to continue in one form or another. The opposition parties in both Greece and Turkey have voiced support for maintaining a dialog and both sides have a national interest in keeping the dialog alive.

Section B, entitled "The Davos Meetings to Date," chronicles the progress made in the meetings held during the past year. Section C, entitled "The Cyprus Link," examines the relationship of the Cyprus problem to the Davos process. Section D, entitled, "Greek and Turkish Incentives," explores the benefits each side hopes to gain from the process. Section E entitled "The Future of Davos" examines some of the conditions that must be met in order to make Davos a long-term success.

B. THE DAVOS MEETINGS TO DATE

1. The Davos Summit

Prime Minister Papandreou and Prime Minister Ozal met twice in Davos, Switzerland on January 30–31, 1988, to discuss issues of mutual concern. The Prime Ministers presented their views of Turco-Greek relations from a historical perspective and discussed the reasons for the deterioration of relations over time. In particular, they focused on the March 1987 Aegean crisis (discussed further in the appendix) which brought the two countries to the brink

of war. The two leaders agreed to take measures to avoid any such crisis in the future.

In an effort to build a more stable relationship, the two sides agreed to establish two committees—a Committee on Cooperation (now known as the Economic Committee) and a Political Committee. The Economic Committee was directed to explore possibilities for "economic cooperation, joint ventures, trade, tourism, communications, and cultural exchanges." The Political Committee was charged with defining the major disputes between Greece and Turkey and finding lasting solutions to those disputes. To achieve progress in the areas of economic and political cooperation, both sides agreed to encourage greater contacts among civilian and military officials, members of the press, and businessmen. As part of the effort to expand business ties, the two sides agreed to establish a Joint Chamber of Business and Commerce.

Finally, to keep the dialog alive, the two leaders agreed to meet at least once a year and to visit each other's country. They also agreed to establish a direct telephone link, or "hotline," to allow the leaders to communicate quickly in times of crisis.

2. The Brussels Summit

The two Prime Ministers met again on March 4, 1988, in Brussels to "promote the rapprochement between the two countries in the light of the new positive momentum in their relations." They directed their Foreign Ministers to convene a subcommittee of the Political Committee to examine issues relating to the conduct of national military exercises and problems concerning flights of military aircraft. As discussed in the appendix, the Greeks claim a 10-mile airspace, while the Turks recognize only a 6-mile Greek airspace.

At this second meeting, the two leaders also agreed to address an important humanitarian aspect of the Cyprus crisis—the missing persons. They called for the reactivation of the Committee on Missing Persons, consisting of representatives of the Greek and Turkish Cypriot communities and a representative from the International Committee of the Red Cross (ICRC) appointed by the U.N. Secretary General.

The two leaders also cleared the way for the Greek signing of the Adaptation Protocol to the Ankara Agreement of 1961 and the additional protocol thereto. Greece agreed to sign the protocols when Prime Minister Ozal pledged to repeal the Turkish Decree of 1964 restricting the property rights of Greek nationals who owned property in Istanbul and promised to fully restore the rights of Greek nationals still living in Turkey. With the actual signing of the protocols, which took place on April 20, 1988, Greece recognized Turkey as an associate member of the EC. As a result, Greece became a party to all the agreements made between Turkey and the European Community.

3. The Athens Summit

In response to an invitation issued by Prime Minster Papandreou at the Brussels summit, Prime Minister Ozal made an official visit to Athens from June 13 to 15. The last time Greek and Turkish Prime Ministers had met in Athens was 36 years earlier.

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In Athens, the two Prime Ministers ratified agreements that had been concluded by the Economic Committee and the Political Committee. Among the agreements reached by the Political Committee was a memorandum of understanding on confidence-building measures. The memorandum outlined ways to reduce the risk of misunderstanding or miscalculation during military exercises in Aegean.

On the economic front, the Athens communique declared that the "two sides agreed to fully exploit the possibilities for economic cooperation created through the meetings in Davos, Brussels, and Athens." As part of this effort, the Prime Ministers endorsed the Economic Committee's plan to commence negotiations to reach agreements on economic, technical, and scientific cooperation, avoiding double taxation, the promotion and protection of investments, maritime affairs, tourism, and cooperation in the transportation sector.

In addition to endorsing the work of the Economic and Political committees, the Prime Ministers noted that progress in one committee promoted progress in the other. They agreed that "steady and fruitful economic cooperation is facilitated by a climate of confidence and stability throughout the spectrum of bilateral relations." At the same time, "economic cooperation increases confidence. In this sense, progress achieved in one committee directly influences progress in the other committee."

Finally, the two prime ministers directed the Political and Economic Committees to reconvene in September.

4. The September Meetings

The Political Committee held its second meeting in Ankara from September 5–8, 1988. In the joint press communique issued after the meeting, the two sides "reiterated their determination to make efforts to realize a closer cooperation in combating terrorism, illegal traffic in drugs, and smuggling." They also agreed to satisfy reciprocal demands concerning housing requirements for the Greek and Turkish diplomatic missions. In addition, the Greek and Turkish Foreign Ministers signed a document entitled "Guidelines for the Prevention of Accidents and Incidents on the High Seas and International Airspace." The document requires Greek and Turkish naval units to "refrain from acts of harassment of each other while operating in the high seas, in accordance with international law and custom." Finally, the two Foreign Ministers agreed that the next meeting of the Political Committee would take place in early 1989.

While the Political Committee was holding its meeting in Turkey, the Economic Committee and its subcommittees were conducting a second round of discussions in Athens. The sides agreed to continue negotiations on an agreement designed to avoid double taxation and to begin talks aimed at a maritime accord. They also agreed to prepare a feasibility study on the establishment of a joint investment bank which would be concerned primarily with Greek property in Turkey.

C. THE CYPRUS LINK

Defining the relationship between the Cyprus problem and the Davos process was one of the first diplomatic challenges the two Prime Ministers had to face. Until the January 1988 Davos meeting, Prime Minister Papandreou had refused to enter into a dialog with Turkey until Turkish forces were removed from Cyprus. At the same time, Prime Minister Ozal maintained that the Cyprus problem was not a Greek-Turkish dispute, but an intercommunal dispute between Greek and Turkish Cypriots to be resolved by the two communities through U.N. mediation. He therefore argued that the Cyprus problem did not belong on the agenda and was not an appropriate topic for future bilateral discussions.

While Greek public opinion surveys reflected strong public support for Prime Minister Papandreou's decision to begin a dialog with Prime Minister Ozal, he was widely criticized for his initial handling of the Cyprus question. Mr. Constantine Mitsotakis, leader of the opposition New Democracy party, criticized Prime Minister Papandreou for first refusing to talk with Turkey until Turkish troops had been withdrawn from Cyprus, and then bowing to the Turkish position of leaving the Cyprus problem off the Davos agenda. Mr. Mitsotakis, a longtime advocate of beginning a dialog with Turkey, demanded that "the Turks must be made to understand that it will be impossible to have progress in Greek-Turkish relations, as well as in Turkey's attachment to the EC, if they do not solve the Cyprus issue first, and then address the Greek-Turkish differences."

The perception that the Cyprus problem had been delinked from the Davos process jolted Greek Cypriot political leaders. They feared such a process could lead to a political accommodation between Greece and Turkey that settled the bilateral disputes in the Aegean without addressing the Cyprus problem. If that were to happen, the Republic of Cyprus would lose much of its leverage for the withdrawal of Turkish troops. Alarmed at this prospect, Greek Cypriot political leaders visited Athens to seek assurances that Greece did not intend to reach a separate peace with Turkey.

During those visits and on many occasions since, Prime Minister Papandreou has assured the Greek Cypriots that he has no intention of striking a comprehensive deal with Turkey which does not encompass the Cyprus problem. After the Athens summit in June 1988, he said, "It is evident that progress in Greek-Turkish relations is directly affected by the solution of the Cyprus problem. The solution of the Cyprus problem is, in turn, directly linked with the withdrawal of troops from Cyprus and the complete demilitarization of the island." And President Vassiliou, commenting on Prime Minister Ozal's visit to Athens said, "It is unthinkable for Turkey to expect improvement of its relations with Greece while Turkish troops illegally occupy 37 percent of Cyprus."

When asked why the Athens communique contained no reference to Cyprus, Prime Minister Papandreou observed that "Cyprus is not a dispute between Greece and Turkey, formally speaking. Cyprus is an independent and nonaligned member of the United Nations, and so, as an international problem, the solution must be found within the framework of the United Nations." However, he

noted that Turkish troops and settlers on Cyprus, together with the need for some form of international guarantees to safeguard any future settlement on Cyprus, give the Cyprus problem an international dimension in which Greece has a strong interest.

The two sides seem now to have settled on the following formula: Acknowledgement by Prime Minister Papandreou that the appropriate avenue for resolving the Cyprus problem is the U.N. Secretary General's effort and acknowledgement by Prime Minister Ozal that the Cyprus problem is a key obstacle to better Greek-Turkish relations. Thus, while the Cyprus problem is not a formal part of the Davos agenda (not discussed by the two committees), it falls within the broad framework of the Davos process (discussed by the Prime Ministers).

D. GREEK AND TURKISH INCENTIVES

1. Greek Incentives

Until March 1987, Prime Minister Papandreou saw little to be gained from entering into a dialog with Turkey. Turkey steadfastly rejected the Greek position on the key areas of dispute (see appendix for a discussion of those disputes) and Prime Minister Papandreou insisted that the Greek positions were dictated by nonnegotiable matters of national sovereignty. That left little for the two sides to talk about. Indeed, Prime Minister Papandreou demanded that Turkey withdraw its troops from Cyprus before a dialog could begin.

Then, in March 1987, Greece and Turkey approached the brink of war over oil drilling rights to the continental shelf in the Aegean sea. Greek military forces were put on full alert. Once the situation was defused, Prime Minister Papandreou sent Prime Minister Ozal a letter reportedly proposing that the continental shelf dispute be referred to the International Court of Justice (ICJ). After a series of letters were exchanged across the Aegean, the Davos meeting was arranged.

It was the prospect that the Aegean disputes might spark a future war which appears to have prompted Prime Minister Papandreou to drop his earlier preconditions and enter into a dialog. For that reason, he has stressed the importance of the understanding he reached with Prime Minister Ozal to resolve Greek-Turkish differences through negotiation rather than war. As Greece officially views Turkey, not the Warsaw Pact, as the primary threat to its security, Prime Minister Papandreou has hailed the "no war" understanding as the key achievement of Davos to date.

While the "no war" understanding is an important step, it remains only a gentlemen's agreement between Prime Ministers. No formal nonaggression pact has been signed. Nor have the disputes underlying Greek-Turkish differences been resolved. Having dropped his earlier preconditions for a dialog with Turkey, Prime Minister Papandreou finds himself under some pressure to demonstrate concrete results. National security concerns brought him to Davos, but the Davos process has yet to resolve the deep-seated problems that drive Greece's security concerns.

2. Turkish Incentives

The Turkish Government has entered the Davos process for different reasons and with different expectations than the Greek side. While the Greeks view the Davos process as a means of addressing Greek political-military concerns in the Eastern Mediterranean, the Turks see it as one piece of a comprehensive strategy for developing closer economic and political bonds with Western Europe. Unlike the Greeks, the Turks have no major quarrel with the status quo security situation in the Eastern Mediterranean. Turkey has four times as many men under arms as does Greece, more than 30,000 Turkish troops occupy 37 percent of Cyprus, Turkish generals exercise local command and control over NATO forces in the Aegean, and NATO does not include the Greek island of Lemnos in its exercises.

But while Turkey plays a key role on the southeastern frontier of NATO, and is a member of the Council of Europe, the OECD, and other Western institutions, Turkey is not a full member of Europe's economic community—the European Community (EC). Thus, Turkey's interest in Davos is driven less by security concerns than by a desire to become a full partner in Europe.

(a) *An Eye on the European Community.*—One of Prime Minister Ozal's chief goals is to realize the dream of Kemal Ataturk, the founder of modern Turkey, to anchor Turkey irreversibly in the West. As Turkish President Evren said during his July 1988 visit to the United Kingdom, "In addition to joint security considerations, we believe that the ideals we cherish and the objectives of the economic and social policies we follow, bind Turkey's destiny to that of Western Europe. Accordingly, it is inevitable that Turkey should take her place and assume her role within the process of European integration." In order to become more closely integrated into Western Europe, Turkey applied in April 1987 for full EC membership. While Turkey has been an associate member since 1963, it would like to gain the many benefits that full membership brings.

With the approach of 1992—the target date for the full economic integration of EC member-states—many Turkish leaders fear that Turkey will be severed economically, and to some degree politically, from Western Europe. Given Turkey's geographical position at the crossroads of Europe, the Middle East, and Southwest Asia, Turkish leaders worry that a Turkey locked out of the the political and economic future of Europe could drift away from the Western orientation and secular tradition which Ataturk left behind.

In Turkey, there is a constant tug-of-war between those who believe the cosmopolitan and Western-leaning Istanbul represents Turkey's future, and those who believe the real Turkey lies in the Anatolian heartland. In August 1988, Turkish Foreign Minister Yilmaz said, "Turkey will not settle for less than eventual full membership." He also warned that if the EC "turns down Turkey's application or takes too long to review it, Turkey will review its relationship with Western Europe." A Turkey cut loose from its moorings in the traditions of Ataturk could become more susceptible to strains of Islamic fundamentalism, leading to a break with the West.

(b) *Davos: A Step Closer.*—Turkish leaders hope that improved relations with Greece will enhance the prospects for eventual entry into the EC. Unlike Turkey, Greece is a full member of the EC. Greece has made it clear that it will exercise its veto power over Turkish entry into the EC until some of the outstanding disputes between them have been resolved, particularly the Cyprus question. However, Turkish leaders hope that the Davos process will help overcome Greek resistance to Turkish EC membership. If the Davos process brings about a dramatic increase in economic activity between Greece and Turkey—and the businessmen on both sides have been among the most avid proponents of Davos—then Greece will have an economic stake in Turkey's future with Western Europe. Even if Greece does not change its position, Turkey hopes the Davos process will demonstrate to other EC members that it seeks to improve relations with Greece.

Turkey's principal objective in the Davos process is not so much to reach immediate settlement of bilateral disputes, but to persuade Western Europe that Turkey is making a good-faith effort to settle its differences with Greece and deserves to become a full economic and political partner in Western Europe. In this regard, Turkey's interest in the Davos process is akin to its ongoing efforts to strengthen its democratic institutions and improve its human rights record in order to meet Western European standards.

Turkey has long faced charges of human rights abuses. A January 1989 Amnesty International report concluded that there continues to be "widespread use of torture" in Turkey. In response to Western criticism of its human rights practices, Turkey has begun to take steps to address the problem. Turkey has agreed, with some qualifications, to allow individual petition to the European Human Rights Commission (EHRC). Although Turkey still does not accept the compulsory jurisdiction of the EHCR, some Turkish diplomats say that will be the logical next step. Turkey has also been the first to ratify the Council of Europe's Convention on the Prevention of Torture and Inhumane or Degrading Treatment or Punishment. If the Anti-Torture Convention takes effect, Turkish jails and detention centers will be open to international inspection on short notice. Last year Turkey also signed the U.N. Convention Against Torture. All these Turkish actions are part of a concerted effort to bring Turkish institutions and practices in line with those of EC members.

It should be said that Turkish diplomats do not have any illusions about quick entry into the EC. They recognize that the Turkish economy of today could not survive the stiff competition that 1992 will bring. They also recognize that many EC countries other than Greece have serious reservations about Turkish entry into the EC. EC members fear that Turkey, which has a lower per capita income than any member state, would place a severe strain on the EC's already limited funds for social programs. In addition, with Turkey's unemployment rate stuck at around 20 percent, EC countries fear an invasion of Turkish labor that would aggravate their own unemployment problems and burden their welfare systems. Finally, according to current population growth projections, by the year 2000 Turkey would be entitled to demand more seats in the European parliament than any current member.

Turkey recognizes these problems and Prime Minister Ozal has indicated he would accept some transitional entry procedure. At the same time, Turkey would like some assurance that when its economy reaches the point where it can withstand the stiff EC competition and not be a drain on the EC treasury, it will be admitted into the club. Turkey hopes the Davos process will bring them one step closer to admission.

E. THE FUTURE OF DAVOS

1. Competing Priorities

The divergent objectives that Greece and Turkey bring to the Davos process have understandably led to different priorities. Turkish officials have sought to dampen expectations of any rapid settlement of the major Greek-Turkish disputes. Indeed, Turkey originally argued that the Cyprus problem had no place at all in the Davos process.

Rather than attempting to address immediately the major problems, Turkish officials believe the parties should first focus on confidence-building measures designed to dispel the distrust between the two sides. The Turks also believe that a normalization of economic relations is the best way to bring about a normalization of political relations. As a result, Turkey has emphasized the economic dimension of the Davos process over the political one. Because of the long-range nature of his goals, Prime Minister Ozal has preached "patience." As he said during his Athens visit, "while searching for solutions, we have above all to be patient."

Prime Minister Papandreou has also attempted to dispel any expectations that "all problems will be solved miraculously," but he finds himself under more pressure than Prime Minister Ozal to show concrete results. While the Greek public appears to support the Davos process, it is very sensitive to the manner in which the dialog is conducted. For example, after the January 1988 Davos meeting, Prime Minister Papandreou faced considerable criticism in Greece for allegedly failing to fit the Cyprus problem into the Davos framework (see section C above). Furthermore, many Greeks believe that talks which do not address the political disputes between the two sides benefit only Turkey, since Greece's security and bilateral concerns remain unresolved while Turkey receives disproportionate economic benefits and advances its EC goals by projecting a conciliatory image abroad. Therefore, Greece would prefer to emphasize the political dimension of the Davos process.

2. Linking Economic and Political Progress

The Greek Government does not want to help Turkey achieve its goal of closer economic and political integration into Western Europe unless progress is made toward resolving the security issues of concern to Greece. While Ankara argues that the major disputes can best be tackled once a climate of confidence has been nurtured through economic cooperation, Athens believes that a resolution of the major disputes is the key to establishing confidence. Therefore, the Greek Government draws a direct link between progress on Greek-Turkish economic cooperation and progress on the Aegean disputes and the Cyprus question. In the words of one

high-ranking Greek official has said, "Greece will not sign any financial agreement without progress on the political issues."

Greece's leverage behind this linkage within the Davos process is its ability to prevent Turkey from receiving certain EC benefits and its veto right over Turkish entry into the EC. Greece has pledged to block the Fourth Financial Protocol—worth about $750 million in EC development credits to Turkey—until Turkey withdraws its forces from Cyprus. Greece has also conditioned its support for Turkish entry into the EC on the satisfactory resolution of the issues which divide them, particularly the Cyprus problem.

The EC itself has edged toward the Greek position in some of its statements. At the EC-Turkey Association Council Meeting in Luxembourg in April 1988, the EC's opening statement noted that the Cyprus problem "affects EC/Turkey relations." This reference to Cyprus prompted a Turkish walkout. Then, 1 month later, the European Parliament adopted a resolution declaring that Turkish occupation forces on Cyprus present "a major stumbling block" to Turkish admission to the EC. The resolution also called upon EC foreign ministers to "put pressure on the Turkish Government * * * to draw up a precise timetable for the withdrawal of its troops" and settlers.

Greece's reluctance to support Turkish efforts to join the EC does not stem from a desire to see Turkey permanently excluded from full partnership in the European community. Indeed, many Greek officials and security experts believe that a Turkey firmly planted in Western European political and economic institutions will be a less threatening neighbor. As Professor Veremis, a Greek expert on security issues in the Eastern Mediterranean, has said, "Greece would ultimately prefer a Turkey tied to the EC; it is a Turkey which flirts with being a regional power which frightens us." He and others have argued that a Turkey shut out of Western Europe would be more vulnerable to Islamic fundamentalism and political instability than a Turkey fully integrated into Western political and economic institutions.

But while Greek officials may ultimately prefer a Turkey tied to the EC, they see their current resistance to Turkish entry as one of their only available levers to extract Turkish concessions at the negotiating table. Alternate Foreign Minister Theodoros Pangalos, who is responsible for EC affairs, has said that Greece is not categorically opposed to Turkish entry into the EC, "but we want Turkey to understand that it must have good relations with each country within the community." Greek officials argue that Turkey can show its readiness to be a full partner in Europe by agreeing to submit the continental shelf dispute to the International Court of Justice (ICJ) and withdrawing its occupation forces from Cyprus. Turkey, however, has denounced all attempts to link EC matters to its bilateral feuds with Greece or the Cyprus problem.

3. The Limits of Linkage

While there appears to be public support in Turkey for a dialog with Greece, there is little interest in making unreciprocated concessions as the price for keeping the dialog alive. Turkish leaders would lose political support if they were perceived to be responding directly to carrots and sticks manipulated by Greece and the EC.

As a result, Greek officials must be careful not to wield the EC club too crudely.

It would require considerable political courage for Prime Minister Ozal to acquiesce to the Greek position of submitting the continental shelf dispute to the ICJ without any prior understanding of what principles the court might apply in reaching its decision. The Turks argue that many of the traditional formulas which the court has used to determine sovereignty over continental shelves favor states with many islands, such as Greece.

On the Cyprus question, Prime Minister Ozal's political enemies would quickly exploit any perception that he had sold out the Turkish Cypriots. Turkey walked out of an EC-Turkey Association meeting last April when it learned that the EC's opening statement had linked Turkish entry into the EC with a resolution of the Cyprus problem. In his first comment on the incident, Prime Minister Ozal said, "Turkey cannot accept linkage (of Cyprus) to EC membership."

These political constraints do not mean Prime Minister Ozal cannot use his influence to resolve the disputes in the Aegean and help bring about a solution on Cyprus. It does mean, however, that he will have to tread carefully in these areas and would prefer to see the Davos process focus on the less contentious economic issues in the short term.

In addition, his ability to maneuver has been constrained by the fact that the Greek side defines the scope of the bilateral disputes much more narrowly than the Turkish side. While Turkey has proposed a long list of the disputes to be discussed within the Political Committee, Greece has insisted on limiting the discussion to the continental shelf and certain confidence-building measures. Other issues, such as the extent of Greek airspace, the militarization of the Greek island of Lemnos, or the Greek right to extend its territorial waters, are considered nonnegotiable matters of Greek national sovereignty (see appendix). As Prime Minister Papandreou told journalists after the Athens summit, "There is some confusion about the words 'dispute' and 'problem.' For us, the 10-mile limit (airspace) is not a dispute to be resolved. The 10-mile airspace limit is given and not subject to negotiation. On the other hand, violations of our country's airspace are a subject for negotiation." Since Greece has accepted the Turkish view that the Political Committee is not the appropriate forum for a discussion of the Cyprus problem, there is little left for the Committee to talk about.

While Greece says that progress on the economic front will be held hostage to progress on the political front, the continental shelf is the only major issue it will put on the table of the Political Committee. Even then, Greece maintains its long-held position that the entire issue must be submitted to the International Court of Justice (see appendix). Greece is, however, prepared to discuss the manner in which the issue is referred to the Court. While Prime Minister Ozal has hinted at new flexibility on this question, he has not made any new move. Perhaps opening the discussion to more issues could create opportunities for reasonable tradeoffs. Narrowing the discussion to one issue might squeeze Prime Minister Ozal into a box without room to bargain.

4. Conclusion

If the Davos process is to be a success, it must hold forth the prospect that both sides will be able to substantially achieve their divergent objectives. Greek officials have made it clear that Greece cannot accept an unfettered economic relationship with Turkey, or support Turkish entry into the EC, unless Greek political-military concerns in the Eastern Mediterranean are addressed. At the same time, Turkish officials have clearly stated that Turkey will not make unilateral concessions as the price for eventual entry into Europe's economic fold.

Greek and Turkish leaders face the challenge of finding a formula that allows both sides to claim success. While only the parties in the Eastern Mediterranean can decide which formulas meet the test, many in the region believe the United States, within the framework of NATO, can play a constructive role in helping find such a formula. Part III explores some of the ways the United States might support efforts to find solutions to the Aegean disputes and the Cyprus problem. Part II examines the Cyprus problem and the prospects for a settlement.

II. The Cyprus Problem

A. BACKGROUND

President Vassiliou and the Turkish Cypriot leader, Mr. Denktash, held their first face-to-face meeting on August 24, 1988. It was the first meeting between Greek and Turkish Cypriot leaders since January 1985. At the meeting, the two leaders agreed to hold regular discussions, beginning in mid-September 1988, to search for a comprehensive solution to the Cyprus problem. They also set June 1, 1989, as the target date for reaching a settlement.

Pursuant to their August agreement, the intercommunal talks began at the Ledra Palace in Nicosia on September 15. On September 16, President Vassiliou and Mr. Denktash met at the residence of the U.N. Special Representative for Cyprus, Mr. Oscar Camilion. During the following 60-day period, they they met on about 20 more occasions. Then, on November 22 and 23, the two leaders met with the U.N. Secretary General in New York to review the progress they had made. At that meeting, they agreed to begin a second round of discussions on December 19, 1988, in Nicosia and accepted the Secretary General's invitation to meet with him again in early March 1989. The planned March meeting is now expected to take place some time in early April.

During the November meeting, after a stopover in Ankara, Mr. Denktash presented some proposals that many believe contained a hint of flexibility on what are known as the three freedoms (i.e. the freedom to move, settle, and own property throughout the island). However, many also believe that the proposals were riddled with qualifications and contained an unacceptably long waiting period before implementation would begin. On January 30, 1989, President Vassiliou presented a set of "Outline Proposals" for the solution of the Cyprus problem that many saw an important indication of his willingness to address Turkish Cypriot concerns. U.N. Secretary General Perez de Cuellar and U.N. Representative Camilion

now face the task of trying to help the two sides find some common ground between their different positions.

While the two sides have agreed to establish a "bizonal federation," they have different visions of what such an arrangement would entail. President Vassiliou envisions a federation in which every citizen would have the right to freely move, settle, or own property throughout the island, just as Americans have such rights in all 50 States. Mr. Denktash, by contrast, talks about a federation with "borders" between the two zones and argues that Turkish Cypriots must be able to strictly regulate movement, settlement, and property ownership in the Turkish Cypriot zone.

The two sides also have substantial differences over a range of other issues, including: The scope of presidential and vice presidential veto powers under a new constitution, territorial compromise, the withdrawal of Turkish troops and settlers, and the manner in which a settlement would be guaranteed. These issues are discussed in section C below, entitled, "Keys to Settlement." The historical bases for the positions taken by the two sides, are discussed in section B below, entitled "Historical Perspectives."

Section D, entitled "Prospects for Settlement," examines the prospects for resolving the deep differences between the two sides. While agreement has consistently eluded the parties in the past, recent events have created a new—and perhaps the last—opportunity for a settlement. Unlike his predecessor, Mr. Kyprianou, President Vassiliou has launched a vigorous effort to reach a settlement and has demonstrated a willingness to listen to the concerns of the Turkish Cypriot community. In addition, the Davos process has given the intercommunal talks a boost which was lacking in the past. Both Greece and Turkey have an important stake in rapprochement and a Cyprus settlement could prove to be the key to the success of the Davos process. In evaluating the "Prospects for Settlement," section D weighs the competing interests which drive the Greek Cypriots, the Turkish Cypriots, the Greeks, and the Turks.

B. Historical Perspectives

In his May 1988 report to the U.N. Security Council, Secretary General Perez de Cuellar said:

> The Cyprus problem, in its various manifestations, has been before the Security Council for a quarter of a century. There has been a natural tendency for both sides to become entrenched in long-held positions. It will require statesmanship of a high order to break free from those positions and to make, in good faith and with a readiness to compromise, a new attempt to bridge the wides differences that exist.

This section identifies some of the historical roots that lie beneath the "long-held positions" of both sides. Not surprisingly, the protagonists in the Cyprus drama hold divergent views of the causes of the Cyprus problem and each side has gleaned different lessons from the past. Therefore, some familiarity with the history of Cyprus is essential to understand each side's outlook on the future.

1. Historical Background

In the mid-1950's, the island of Cyprus was one of the United Kingdom's few remaining colonial outposts. By late 1958, Cypriot resistance fighters and mounting international pressure finally persuaded the United Kingdom to plan its withdrawal from Cyprus and negotiations for the transition from colonial rule to independence began. On February 5, 1959, Athens and Ankara announced that Greek Prime Minister Karamanlis and Turkish Prime Minister Menderes had begun negotiations in Zurich "with a view to negotiating a bilateral settlement of the Cyprus dispute." Neither the Greek nor the Turkish Cypriots were represented at these negotiations. After the Zurich meeting, the Greek and Turkish Foreign Ministers flew to London to inform the British Government of the details of the agreement that had been worked out. They were joined in London by representatives from the Greek and Turkish Cypriot communities. While Archbishop Makarios raised certain objections to the Zurich agreement, he was told there could be no departure from the Zurich principles. On February 19, 1959, both Greek Cypriot and Turkish Cypriot representatives signed declarations accepting the Zurich documents as "the agreed foundation for the final settlement of the problem of Cyprus."

The Zurich-London agreements consisted of two draft treaties (the Treaty of Guarantee and the Treaty of Alliance), a document entitled "The Basic Structure of the Republic of Cyprus," a declaration by the United Kingdom, and declarations by the representatives of the Greek and Turkish Cypriot communities. The "Basic Structure" document set out the constitutional design that was to govern the powersharing relationship between the Greek Cypriot majority and the Turkish Cypriot minority. The Treaty of Guarantee provided that Cyprus, Great Britain, Greece, and Turkey would "guarantee the independence, territorial integrity, and security of the Republic of Cyprus, and also the provisions of the basic articles of its constitution." The Treaty of Alliance provided that Greece, Turkey, and Cyprus would "cooperate for their common defense" and created a Tripartite Headquarters. The Greeks were allowed a contingent of 950 soldiers on the island and the Turks a force of 650. The unilateral British declaration stated that Britain would retain full sovereignty over two military base areas on the island. On August 16, 1960, with the signing of the Treaty of Establishment, the Treaty of Guarantee, and the Treaty of Alliance, the Republic of Cyprus was created.

2. The Greek Cypriot View

From the Greek Cypriot perspective, the Cyprus problem can be traced to two principal sources—the subjugation of Cypriot interests to great power machinations, and Turkey's allegedly long-held territorial designs on Cyprus. The years 1960 and 1974 offer the vantage points for this historical view—1960 being the year the Republic of Cyprus was established on the basis of the Zurich-London agreements and 1974 being the year of the Turkish invasion of Cyprus.

The Zurich-London Agreements.—During his August 1988 visit to the United States, President Vassiliou stated that "the London-

Zurich agreements that established Cypriot independence were flawed. They served first and foremost the interests of Great Britain and secondly those of Turkey, and in the context of NATO those of Greece. The interests of the people of Cyprus were addressed it seems, only as an afterthought. As a consequence, the complex constitutional arrangements of the new Republic led to paralysis of the state machinery, accentuated differences, and promoted intercommunal strife."

The 1960 Cypriot constitution was indeed riddled with procedural mechanisms which gave the Turkish Cypriots a veto power over a wide range of decisions. A prescient report, prepared by the Bureau of Intelligence and Research at the Department of State just 5 months after the February 1959 London Conference, concluded that "there are dangers not only in the comparative rigidity of the structure of the new state but also in the detailed codification of community rights which will tend to perpetuate rather than eliminate the communal cleavages."

From the perspective of the Greek Cypriots, who constitute about 80 percent of the population, the cumbersome constitutional machinery made representative democracy impossible. Therefore, in November 1963, President Makarios proposed 13 amendments to the constitution that substantially weakened the Turkish Cypriot veto power. Tensions rose when the Turkish Cypriots balked at the changes and intercommunal violence erupted in December 1963. In February 1964, U.N. forces were dispatched to keep the peace.

The 1974 Turkish Invasion.—While the Greek Cypriots believe that the Zurich-London agreements made effective governance impossible, they point to the 1974 Turkish invasion of Cyprus as the chief cause of the Cyprus problem. Turkey invaded Cyprus on July 20, 1974, 5 days after the Greek military junta in Athens sponsored a coup to topple the independent-minded Cypriot President, Archbishop Makarios and unite Cyprus with Greece ("enosis"). Turkey claimed the Treaty of Guarantee gave it the right to intervene militarily to prevent enosis and to protect the status quo.

Greek Cypriots argue that Turkey used the Athens-sponsored coup against Makarios as a pretext to execute long-held territorial designs against Cyprus. To support this view, they point out that the Turkish invasion continued after the coup had been put down, constitutional order had been restored, and negotiations were underway in London to defuse the crisis.

Within 3 days of the Turkish invasion, the Greek junta in Athens had fallen and Nicos Sampson, the man selected by the Greek junta to oust Makarios, was replaced by the leader of the Cypriot House of Representatives, Glafkos Clerides. Despite the return of the status quo on Cyprus, a U.N. Security Council Resolution calling for a cease-fire, and the ongoing London talks, Turkey launched a second offensive on August 14. In the Greek Cypriot view, the second invasion demonstrated that Turkey did not intervene to restore the status quo, but exploited an opportunity to seize Cypriot territory. As President Vassiliou argued during his August 1988 visit to Washington, "using the criminal coup against the legitimate Government of Cyprus as a pretext, Turkey implemented its longstanding aggressive designs against Cyprus."

To reinforce their argument, Greek Cypriots point to Turkish statements made about the invasion. In 1980, Mr. Turan Gunes, who was the Turkish Foreign Minister at the time of the 1974 invasion, told a Turkish newspaper that "Cyprus is as valuable as the right hand of a country that cares for its defense or its expansionist goals, if any. If we do not keep in mind this strategic importance of Cyprus, we cannot understand the peace operation of July 20."

3. Greek Cypriot Lessons

The Greek Cypriots have drawn two principal lessons from their interpretation of history. First, a future constitution must be designed in a manner that permits the government to function smoothly. An overly rigid system that institutionalizes conflicts between Greek and Turkish Cypriots will create the same problems as the 1960 constitution. Second, Greek Cypriots believe that Turkey cannot be granted a unilateral right to intervene to enforce a settlement because it will use that right as a pretext for seizing Cypriot territory.

4. The Turkish Cypriot View

While the Greek Cypriots see the Cyprus problem rooted in the events of 1960 and 1974, the Turkish Cypriots see the problems arising out of internal tensions that erupted several times before the Republic of Cyprus was created in 1960. These tensions boiled over again during the 1960 to 1974 period, particularly in the winter of 1963–64 and again in 1967. Indeed, from the Turkish Cypriot perspective, they had their rights protected by the constitution in 1960, taken away by the Greek Cypriots in 1963–64, and restored with the Turkish invasion of 1974.

The Turkish Cypriots believe that the veto powers granted them under the 1960 constitution were essential to protect their interests against a Greek Cypriot majority unwilling voluntarily to share power. They argue that these fears were confirmed in 1963, when President Makarios proposed and then later imposed 13 constitutional amendments that stripped away much of the Turkish Cypriot veto authority. From that moment until July 1974, Turkish Cypriots claim they were subjected to habitual harassment and constant discrimination.

The most severe outbreaks of intercommunal violence occurred during the winter of 1963–64 and in 1967. On both occasions, Turkish troops were poised to intervene on behalf of the Turkish Cypriots, and both times the United States warned Turkey not to take military action. The period of relative calm between 1968 and early July 1974 was then shattered by the coup against Makarios and the installment of Nikos Sampson—a man known to the Turkish Cypriots as a terrorist dedicated to uniting Cyprus with Greece (enosis).

Because the Turkish Cypriots had long opposed all efforts to unite Cyprus with Greece, the Greek junta's coup brought their worst fears to life. From the Turkish Cypriot perspective, the 1960 Treaty of Guarantee was designed to protect against just such an eventuality. Indeed, under the Treaty of Guarantee the parties (i.e. Cyprus, Great Britain, Greece, and Turkey) "undertake to prohibit

so far as concerns them, activity aimed at promoting, directly or indirectly, either union of Cyprus with any other state or partition of the island." The treaty also states that "in the event of a breach of the provisions of the present Treaty, Greece, Turkey, and the United Kingdom undertake to consult together with respect to the representations or measures necessary to ensure observance of those provisions. Insofar as common or concerted action may not prove possible, each of the guaranteeing powers reserves the right to take action with the sole aim of reestablishing the state of affairs created by the present treaty."

As the coup was part of a plan to unite Cyprus with Greece, Turkey argues it was justified in intervening on Cyprus. Indeed, Turkish Cypriots believe the United Kingdom failed to meet its treaty responsibilities when it refused Turkey's request to intervene jointly.

5. Turkish Cypriot Lessons

From their very different historical vantage point, the Turkish Cypriots have drawn very different lessons than their Greek Cypriot counterparts. The Turkish Cypriots believe that any settlement must include strong constitutional protections, similar to those incorporated in the 1960 constitution, to safeguard minority rights against an overwhelming majority. Second, in the event that the majority Greek Cypriot population attempts to deny them constitutional protections, or Turkish Cypriots become victims of violence, Turkish Cypriots insist that Turkey must be allowed to intervene to protect their rights and lives. From the Turkish Cypriot perspective, only Turkey is a reliable guarantor power. The U.N. peacekeeping forces were unable to provide adequate protection in 1967, the United States warned Turkey against intervention in 1964 and 1967, and the United Kingdom failed to intervene with Turkey in 1974 in response to the Greek-inspired coup.

C. KEYS TO SETTLEMENT

1. Territorial Compromise

Ever since the 1974 crisis, Turkish troops have occupied 37 percent of the island although Turkish Cypriots constitute less than 20 percent of the population. Because of this disparity, the Turkish Cypriots have accepted the fact that a Turkish Cypriot zone within a new Federal Republic would be smaller than the area now under Turkish control. However, they have rejected proposals that would create a Turkish zone proportional in size to their share of the population (i.e., roughly a 20–80 split).

In January 1985, the U.N. Secretary General proposed a framework agreement for the settlement of the Cyprus problem that called for a Turkish Cypriot zone consisting of 29-plus percent of the island. While Mr. Denktash and the Turkish Cypriots agreed to that figure, for a variety of reasons the Greek Cypriots rejected the overall proposal. The 29-plus-percent figure was also contained in the draft framework agreement which the Secretary General presented in March 1986. Mr. Denktash retracted his acceptance of the 29-plus-percent formula after the Greek Cypriots rejected the 1986 draft framework agreement. Nevertheless, in any future

agreement, the Turkish Cypriot zone is likely to be under 30 percent. In April 1985, the Greek Cypriots accepted a U.N. document—which the Turkish Cypriots rejected for a variety of reasons—that provided for a Turkish Cypriot area "in the order of 29 percent of the territory of the Federal Republic."

The amount of land that would fall within each zone is not the only troublesome territorial question. An equally nettlesome problem is exactly what land it will be. From the outset of the negotiations, the Turkish Cypriots have agreed that the port city of Varosha-Famagusta would fall within the Greek Cypriot zone. However, the two sides must agree on what additional land will become part of the Greek Cypriot sector. The occupied part of the island contains some of the most fertile areas on Cyprus, such as the Morphu area. While the Greek Cypriots would like some of these areas to be included in the Greek Cypriot zone, the Turkish Cypriots are reluctant to relinquish their de facto control over them.

2. Bizonality and the Three Freedoms

While the Greek Cypriots have accepted the idea that Turkish Cypriots would exercise some degree of local control within a Turkish Cypriot zone, the scope of that control continues to be a source of disagreement. The Greek Cypriots insist that all Cypriots must be free to move, settle, and own property throughout the island, whether it be in the Greek Cypriot or the Turkish Cypriot zone. Like Americans, who can move, settle, or own property in any one of the 50 States, Cypriots would have those rights throughout Cyprus. Greek Cypriots do not want to give Turkish Cypriot authorities the power to restrict these three freedoms in a Turkish Cypriot zone.

Turkish Cypriots, however, are reluctant to exchange the de facto total control which they currently enjoy for weaker control in an uncertain environment. Turkish Cypriots fear that if they cannot limit Greek Cypriot movement, settlement, and property ownership in a Turkish Cypriot zone, they will quickly become outnumbered and lose political control. In addition to worrying about becoming a minority in their own zone, they are concerned that they will be economically overwhelmed by the wealthier Greek Cypriots. The Greek Cypriots, it is said, will be able to buy back what they could not take back. Therefore, the Turkish Cypriots insist on being able to regulate, to some extent, the flow of people and capital into the northern zone.

New Ideas.—President Vassiliou has offered new ideas on how to reconcile the Greek Cypriot interest in the three freedoms with the Turkish Cypriot desire to regulate those freedoms in a Turkish Cypriot zone. He has said that those Greek Cypriots who chose to move to the Turkish Cypriot zone could be required to vote in the Greek Cypriot zone. Thus, regardless of how many Greek Cypriots moved to the Turkish Cypriot zone, the Turkish Cypriots would be guaranteed political control over local administration in their area.

In determining the number of Greek Cypriot refugees who would consider returning to the northern part of the island, it should be noted that an estimated 50 percent of the refugees come from areas—such as Varosha—that might be included in the Greek Cypriot zone as part of a territorial compromise. In addition, having

left their homes more than 14 years ago, President Vassiliou has argued that many Greek Cypriots will choose to be compensated for their lost property rather than return to live under Turkish Cypriot administration in the north. President Vassiliou has argued that these factors should allay Turkish Cypriot fears of being overwhelmed by migrating Greek Cypriots.

In addition to guaranteeing the Turkish Cypriots permanent political control over their local affairs, President Vassiliou has said that each zone could be given the power to supervise its own police force. This grant of power is designed to alleviate any Turkish Cypriot concerns that they would become victims of harassment. Finally, President Vassiliou has said he is prepared to agree to have the three freedoms phased in over time. As he has said, "there may be a transition period for the implementation of a solution on Cyprus."

3. The Constitution

Until recently, the talks between the two sides focused primarily on the form and substance of a new constitution. The new constitution would delineate the powersharing relationship between the federal government and local governments, as well as the balance of power between the two communities within the federal government. As discussed in section B above, each side's approach to these issues is colored by its view of the 1960 constitution which provided the first blueprint for bicommunal governance on Cyprus. During his August visit to the United States, President Vassiliou said the "complex constitutional arrangements" of the 1960 document "led to a paralysis of the state machinery, accentuated differences, and promoted intercommunal strife." The Turkish Cypriots, by contrast, believe that the veto authorities granted to them under the 1960 constitution provided essential protection against the Greek Cypriot majority.

The general outline of a new constitution has begun to take shape over the years of intercommunal talks. Both sides have agreed to the creation of a federal republic with two federated zones. Furthermore, while both sides have rejected draft framework agreements proposed by the U.N. Secretary General (the Greek Cypriots in January 1985 and March 1986, and the Turkish Cypriots in April 1985) they have delineated the skeletal features of the new federal republic. Both sides, for example, have agreed that the Republic of Cyprus would have have a presidential system of government, with a Greek Cypriot president and a Turkish Cypriot vice president. In a recent development, as part of his January 1989 proposal, President Vassiliou provided an alternative formula, whereby Turkish Cypriots would not be constitutionally barred from holding the presidency.

The two sides have also agreed on many of the powers that would be vested in the federal government, such as foreign affairs, monetary and banking affairs, natural resources, and others. In addition, they agree that the legislature of the federal republic would be composed of two chambers: a lower chamber with a 70–30 Greek Cypriot and Turkish Cypriot representation, and an upper chamber with a 50–50 representation. The adoption of legislation on "major matters" would require separate majorities in both chambers,

while legislation on other issues would require simple majorities in both chambers.

Despite this tentative agreement on government machinery, the two sides have yet to agree on how the machinery will operate. For example, while they agree that legislation on "major matters" will require separate majorities in both chambers, they do not have a common definition of "major matters." Similarly, while they agree that the president and vice president will have veto powers, they have yet to agree on the scope of those powers.

4. Guarantees

The issue of security guarantees may be among the most difficult to resolve. There are two components to the problem—whether any foreign troops will remain on the island and whether Turkey will be given the right to unilaterally intervene to guarantee compliance with any agreement.

The Turkish Cypriots insist on maintaining a small contingent of Turkish troops on the island as an insurance policy against any Greek Cypriot attempt to abrogate the agreement. Under the 1960 Treaty of Alliance, Turkey was allowed to keep a contingent of 650 troops on the island, while Greece was allotted 950. The Turkish Cypriots would like any future agreement to allow for some level of Turkish forces.

In the Turkish Cypriot view, a contingent of U.N. forces on the island would not be a sufficient safeguard. Turkish Cypriots argue that in 1967 and 1974 U.N. troops were unable to protect them. Nor do the Turkish Cypriots seem willing to accept a contingent of non-Turkish and non-U.N. foreign troops, such as a small force from NATO countries. They argue that the United States warned Turkey against intervening on behalf of the Turkish Cypriots in 1964 and 1967, and that the British failed to meet their responsibilities under the Treaty of Guarantee in 1974. Therefore, only Turkish troops are considered reliable.

Turkish Cypriots make the same points on the question of guarantees. Article 4 of the 1960 Treaty of Guarantee says that, in the event of a violation of the Treaty, "insofar as common or concerted action may not prove possible, each of the three guarantor powers reserves the right to take action with the sole aim of reestablishing the state of affairs created by the present treaty." Turkish Cypriots would like to include a similar provision in any agreement. They argue that history demonstrates that Turkey is the only reliable guarantor of their interests on Cyprus.

Greek Cypriots take the opposite position on both the question of a residual contingent of Turkish troops and a unilateral Turkish right of intervention. Both these demands are seen as an infringement on Cypriot sovereignty. Furthermore, Greek Cypriots argue that a unilateral right of intervention would give Turkey a legal figleaf for pursuing its allegedly expansionist ambitions on Cyprus in the future.

New Developments.—When examining the need for guarantees, it is important to recognize that the situation on Cyprus under any agreement would be vastly different from that prevailing in 1960 or 1974. Today, the idea of "enosis" (i.e., union with Greece) has been renounced by an overwhelming majority of the Greek Cyrpiot

population. As President Vassiliou has stated on several occasions, Greek Cypriots value their independence and have no desire to become an appendage of Greece.

The passage of time has also brought about new realities. Greek Cypriots have accepted the notion of a zone administered by Turkish Cypriots. As President Vassiliou has said, within this zone Turkish Cypriots would be responsible for local administration and would run the local police force. These facts make the situation very different from that which existed between 1960 and 1974, and should alleviate many of the Turkish Cypriot security concerns.

In addition, President Vassiliou has revived the idea of a totally demilitarized Cyprus. As early as 1979, both sides agreed in principle to such a goal. The Kyprianou-Denktash 10-point agreement of 1979 states that "the demilitarization of Cyprus is envisaged, and matters relating thereto will be discussed." President Vassiliou has built on that idea. With the exception of a very limited self-defense force composed of Greek and Turkish Cypriots, no Greek, Turkish, Greek Cypriot, or Turkish Cypriot forces would be deployed on the island. Rather, a reinforced U.N. peacekeeping force with an expanded mandate could monitor compliance with a settlement agreement. As a result, President Vassiliou has argued, no Greek Cypriot force capable of seizing areas in the north would exist.

Although bizonality, together with President Vassiliou's demilitarization plan, should address some of the Turkish Cypriot security concerns, President Vassiliou has indicated that he would also be willing to accept a phased withdrawal of Turkish troops rather than an immediate pullout. He has also indicated that he is willing to accept some form of international guarantees. The countries and/or organizations that would act as guarantors and the exact nature of the guarantees must be worked out. Turkey must be among the guarantors in order for any scheme to gain Turkish Cypriot support. But Greek Cypriots will insist that any scheme contain checks and balances that prevent Turkey from using the guarantee as a pretext for seizing territory.

D. PROSPECTS FOR SETTLEMENT

1. Overcoming the Past

Predictions about future developments in the Eastern Mediterranean are, more often than not, victims of the unpredictable. If the past is the best indicator of the future, then there is little optimism about prospects for for a solution to the Cyprus problem. Nevertheless, the new developments in the region offer greater promise for a settlement of the Cyprus problem than at any other moment in the recent past. If the chance for a settlement is not seized, the opportunity may pass forever.

Among the factors that have created the new opportunity are: (1) the election of President Vassiliou, who appears more determined than any of his predecessors to find a solution to the Cyprus problem, (2) the Davos process between Greece and Turkey, which has given both sides an interest in promoting rather than impeding progress toward a settlement, and (3) Turkey's goal of gaining entry to the EC. These factors have already led to more than 20

meetings between President Vassiliou and Mr. Denktash since August 24, 1988.

It is too early to tell whether these positive new developments can overcome the impediments of the past. The outcome will depend not only on the actions of the Greek and Turkish Cypriots, but on the steps taken by Athens and Ankara as well. The United States can also play an important role by encouraging all the parties concerned to make the compromises necessary to reach a solution. The exercise of American influence must be based on a clear understanding of the various incentives and objectives that drive the different parties.

2. Incentives for Settlement

(a) *Greek Cypriot Incentives.*—While the Greek Cypriots have built a thriving economy in the southern 63 percent of the island, few of them are satisfied with the status quo situation. The more than 30,000 Turkish troops occupying the northern part of the island and the two cease-fire lines that carve out a no-man's-land in the middle of the capital city of Nicosia serve as a constant reminder of the island's division. In addition, while Turkish Cypriots constitute only 19 percent of the population, they control 37 percent of the island, including some of its most fertile areas. About 200,000 Greek Cypriots, accounting for more than one-third of the Greek Cypriot population, were uprooted from their northern homes during the 1974 Turkish invasion and became refugees in the south. Many of these refugees came from the once thriving port city of Varosha-Famagusta, which has become a ghost town under the control of Turkish troops.

A satisfactory settlement could remedy many of these festering problems. All or most of the Turkish troops could be withdrawn from the island; some areas now occupied by Turkish forces would become part of the Greek Cypriot zone within a new federal republic; the city of Varosha-Famagusta would be included in the Greek Cypriot zone; Greek Cypriot refugees from the north could return to their homes subject to the conditions worked out between the two sides; Greek Cypriots would be free to move, settle, and own property in the Turkish Cypriot zone in accordance with the arrangements negotiated by the two sides.

These benefits would entail certain costs. Greek Cypriots would no longer be able to wield unlimited control over the central government because any settlement would involve a new constitution with carefully delineated powersharing arrangements. Indeed, the Turkish Cypriots have insisted on many of the constitutional protections they enjoyed under the 1960 constitution, including a broad veto authority. In addition to sharing power with the Turkish Cypriots at the federal level, Greek Cypriots would have to reconcile themselves to the notion of a Turkish Cypriot zone, wherein the Turkish Cypriots exercise considerable local autonomy. While the acceptance of bizonality precludes the return to pre-1974 days, most Greek Cypriots are prepared to accept that idea.

(b) *Turkish Cypriot Incentives.*—Unlike the Greek Cypriots, the Turkish Cypriots have few complaints with the status quo. With the backing of Turkish troops, they control 37 percent of the island. Within that area, they have de facto control over all their affairs, a

situation vastly different from the 1960–74 period when they felt themselves at the mercy of the Greek Cypriot majority. On several occasions, Turkish Cypriot authorities have declared that the status quo is a solution. Indeed, rather than looking for ways to end the de facto partition of the island, the Turkish Cypriots have taken steps to consolidate their gains. Thus, in 1983, they made a unilateral declaration of independence (UDI) and proclaimed themselves a sovereign state—the "Turkish Republic of Northern Cyprus" ("TRNC").

This general satisfaction with the status quo does not mean that the Turkish Cypriots have achieved all their objectives. With the exception of Turkey, no state has recognized the "Turkish Republic of Northern Cyprus." This international isolation has, in turn, contributed to the great disparity between the high economic growth in the south and the untapped economic potential of the north. By achieving a settlement that brought Turkish Cypriots into a new federal republic, Turkish Cypriots would cease to be stateless people in the eyes of the international community. They would become full citizens of an internationally recognized federal republic. At the same time, an end to international isolation would bring new economic opportunities to the northern part of the island.

The Turkish Cypriots tend to downplay the significance of these benefits. They argue that these benefits are small in comparison to the concessions they would have to make to meet Greek Cypriot demands. Nevertheless, the continuing international isolation of the north has psychological as well as economic consequences. Turkish Cypriots seeking to travel anywhere other than Turkey cannot travel on "TRNC" passports. They must travel on Turkish passports or make other arrangements. Turkish Cypriot authorities who claim to represent the "TRNC" are not received as representatives of state anywhere except Turkey.

These inconveniences and indignities have a corrosive effect over time. The tens of thousands of Turkish Cypriots who moved overseas during the 1960's and 1970's have not returned to live in the harsh and isolated conditions of the Turkish controlled north. Indeed, many of the best educated Turkish Cypriots continue to leave the island for other countries, principally the United Kingdom and Turkey. Putting an end to the economic and political isolation of the north remains the chief incentive for keeping the Turkish Cypriots engaged in a dialog.

While an agreement creating a federal republic would end the international isolation of the north, many Turkish Cypriots continue to believe that the passage of time may cure their problems better than a settlement. In the view of many Turkish Cypriots, time will bring economic growth and some degree of international recognition. On the economic front, they point to increased levels of foreign trade in recent years. In addition, the new hotels being built near the northern port city of Kyrenia reveal an expanding tourist business despite Greek Cypriot efforts to discourage tourists from visiting the north.

On the political front, Turkish Cypriots believe they will gradually gain international recognition. Indeed, the Turkish Cypriots frequently threaten to launch new efforts to achieve such recognition. Most recently, in March 1988, Mr. Denktash threatened to acceler-

ate efforts to gain international recognition once the June 1988 summit between Prime Minister Papandreou and Prime Minister Ozal was over.

Mr. Denktash did not carry out his March 1988 threat. The Turkish Cypriots rely heavily on Turkish support for their international recognition drive. At the moment Turkey is not actively engaged in a effort to persuade the world—particularly the Islamic world—to recognize the "TRNC." But if the Cyprus talks collapse, the Davos process unravels, and Turkey's ambition to join the EC is thwarted, Turkey and the Turkish Cypriots may redouble their efforts to gain such recognition.

(c) *Balancing the Incentives.*—As the Turkish Cypriots have become convinced that time is on their side, their incentive to negotiate has diminished. To the extent that they have shown flexibility in the U.N.-brokered talks, it has often been at the behest of Turkey. While the Turkish Cypriots are willing to search for a solution to the Cyprus problem, they do not seem to be in great hurry to find one. Until the latest round of discussions began in August 1988, much time was consumed debating the precise structure of a future constitution while other major areas, such as the withdrawal of Turkish troops, international guarantees, and the implications of bizonality, went largely unexplored. In the current talks, however, both sides seem to be more willing to explore the major issues.

While the Turkish Cypriots believe time is on their side, Greek Cypriots recognize that the further consolidation of the status quo will make a settlement more difficult to achieve. The February 1988 electoral defeat of former President Kyprianou reflected a growing sense among Greek Cypriots that time is running out on finding a solution to the Cyprus problem. During the February 1988 election campaign, then-candidate, George Vassiliou, and the leader of the Democratic Rally Party, Glafkos Clerides, criticized then-President Kyprianou for allowing the talks to get bogged down in details before a general framework had been established.

Unlike his predecessor, President Vassiliou has approached the talks with a new sense of urgency. In order to focus international attention on the Cyprus problem, and strengthen his political support at home, he has carried his message of urgency around the world, including his August 1988 visit to Washington. Following his August meeting with Mr. Denktash, at which the two agreed to set June 1, 1989, as a target date for a settlement, President Vassiliou said, "I am in a hurry. If there is enough goodwill, we should have a solution before this date. Why should we wait until June 1989." Mr. Denktash, by contrast, has taken a more restrained approach. He has said the important thing is not whether the problem is solved by June 1989, but "whether we are heading toward a solution and making progress."

The imbalance between the relatively strong Greek Cypriot incentives to reach a rapid settlement and the weaker Turkish Cypriot incentives will have to be reconciled if a solution is to be found. Two actions seem to be needed to bridge the gap. First, the Greek Cypriots must be prepared to address the concerns that make the Turkish Cypriots uneasy about entering into a settlement. President Vassiliou has already taken steps in that direction (see section

C above). Second, outside parties, particulary Turkey, must press the Turkish Cypriots to be more flexible at the negotiating table. The Turkish and Greek incentives for finding a solution to the Cyprus problem are discussed next.

3. Greek and Turkish Incentives

(a) *Background.*—Over the years, some observers of the Eastern Mediterranean have concluded that Greece and Turkey have an interest in prolonging rather than resolving the Cyprus problem. According to this view, the continued presence of Turkish occupation troops on Cyprus allows Greece to paint Turkey as an aggressor in eyes of the international community and helps block Turkish entry into the EC. In addition, the Turkish occupation of Cyprus provided the original rationale for the de facto 7-to-10 ratio of United States military assistance to Greece and Turkey. If the Cyprus problem is resolved, the logic behind the ratio could be weakened. For all these reasons, some argue, Greece is not committed to resolving the Cyprus problem.

Many of those who doubt Greece's interest in a Cyprus settlement believe that Turkey is equally indifferent. They argue that Turkish military leaders will be unwilling to withdraw forces from their strategically important foothold on Cyprus. Furthermore, it is said that no Turkish politician will exert strong pressure on the Turkish Cypriots to reach a settlement lest he be accused of forcing them to capitulate to Greek Cypriot demands.

These speculations about the lack of Greek or Turkish interest in resolving the Cyprus problem do not accurately describe the present situation. Both Greece any Turkey have strong incentives for finding a solution to the Cyprus problem.

(b) *Turkish Incentives.*—Economic Costs.—Turkish forces on Cyprus are a constant drain on Turkey's limited resources. Furthermore, in an age of long-range aircraft and fast warships, keeping Turkish troops on Cyprus does not provide a significant strategic advantage over stationing Turkish troops 40 miles away on the Turkish coast. By demobilizing its forces on Cyprus, Turkey could save a substantial sum without weakening its strategic posture in the Eastern Mediterranean.

In addition to the cost of keeping troops on Cyprus, Turkey has poured money into developing the economic infrastructure of the north. Turkey also shoulders many of the administrative costs associated with public services provided to Turkish Cypriots. Indeed, Turkey annually provides the north with close to $60 million in economic assistance, which constitutes about two-thirds of the Turkish Cypriot budget.

Political Costs.—This substantial financial burden is dwarfed by the political costs Turkey bears for its continued occupation of Cyprus. Turkey stands alone in the international community as the only country to recognize the legitimacy of the "TRNC." Turkish efforts to convert others to its position have failed. United Nations Security Council 541, adopted in 1983, "deplores the declaration of the Turkish Cypriot authorities of the purported secession of part of the Republic of Cyprus" and "calls upon all states not to recognize any Cypriot state other than the Republic of Cyprus." That Security Council resolution is buttressed by a string of U.N. resolu-

tions calling for the withdrawal of Turkish occupation forces from Cyprus.

Of more concern to Turkey than the condemnations at the United Nations is the fact that the Cyprus problem has adversely affected relations with the United States and Western Europe. Ever since the early 1960's, problems on Cyprus have soured United States-Turkish relations. In 1964, when Turkey threatened to invade Cyprus to quell the intercommunal violence, President Johnson told Turkish Prime Minister Inounu that the United States would not come to Turkey's defense if the Soviet Union responded by invading Turkey. The military embargo, which the United States slapped on Turkey in response to the second phase of its 1974 invasion of Cyprus, highlighted the degree to which events on Cyprus could affect United States-Turkish relations.

To this day, Turkish forces on Cyprus place strains on United States-Turkish relations. In the fiscal year 1988 continuing resolution, the Congress included a provision that the United States will provide military equipment to other countries only "with the understanding that it will not be transferred to Cyprus." Thus, Turkish officials recognize that a resolution of the Cyprus question would remove a longstanding obstacle to smoother United States-Turkish relations.

The Cyprus problem has not only damaged Turkey's relations with the United States, it now threatens to thwart Turkey's objective of full political and economic integration with Western Europe. Turkey, which currently has an association agreement with the European Community (EC), has applied for full membership. Like Turkey, the Republic Cyprus has an association agreement with the EC. Greek Cypriots are quick to point out that the free movement of persons, property and capital that the EC hopes to implement by 1992 are exactly what they are asking of the Turkish Cypriots. Greece, which is a full member of the EC, has said it will use its veto power to block Turkish entry until the Cyprus problem has been resolved.

Over the last year, various EC statements have reinforced the Greek position. At a meeting in Luxembourg in April 1988, EC foreign ministers stated that the Cyprus problem affects EC-Turkish relations, prompting a Turkish walkout from the meeting. Then, in May 1988, the European Parliament adopted a resolution declaring that "the unlawful occupation of part of the territory of a country associated with the community by the military forces of another country also associated with the community, presents a major stumbling block to the normalization of relations with the latter, viz. Turkey." The resolution also "expects the (EC) Foreign Ministers * * * to put pressure on the Turkish Government, which is linked to the EEC by an association agreement and is an applicant for membership, to draw up a precise timetable for the withdrawal of its troops."

During a May 1988 visit to Turkey, Claude Cheysson, then the EC Commisioner on Mediterranean Policy, said that "Turkey must accept the rules of the game." One of those rules, he said, was the recognition of the Government of the Republic of Cyprus. He pointed out that the EC did not recognize the "TRNC."

Prime Minister Ozal has declared that Turkey will not allow the lure of EC membership to force Turkey's hand on Cyprus. Nevertheless, given Prime Minister Ozal's determination to make Turkey a full member of the European family, the linkage between EC membership and the Cyprus problem creates a powerful incentive for Turkey to press for a settlement.

(c) *Greek Incentives.*—The near outbreak of hostilities between Greece and Turkey in March 1987 over oil drilling rights in the Aegean prompted Prime Minister Papandreou to strike up a dialog with Prime Minister Ozal. Since the first summit meeting in Davos, Prime Minister Papandreou has said that the chief accomplishment to date has been the agreement of the two Prime Ministers to resolve Greek-Turkish differences short of war. But words between prime ministers do not provide a permanent solution to the Greek-Turkish antagonisms that have led to conflict. Greek officials hope the Davos process will resolve their security concerns throughout the Eastern Mediterranean.

The resolution of the Cyprus problem could hold the key to resolving the rest. The Turkish occupation of Cyprus remains a symbol for Greek security concerns throughout the region and solving the Cyprus problem could loosen the deadlock in other disputes. As discussed in the summary of Greek-Turkish disputes contained in the appendix, many disputes can be traced directly to clashes over Cyprus.

In conclusion, both Greece and Turkey have strong incentives to push for a settlement of the Cyprus problem. For Greece, Cyprus could lead to a resolution of its security concerns throughout the Eastern Mediterranean. For Turkey, a solution would relieve the burden on its treasury, remove a constant irritant in its relations with the United States, and improve the prospects of entry into the EC.

(d) *Efforts by Greece and Turkey.*—Whether or not Greece and Turkey translate these incentives into constructive efforts to resolve the Cyprus problem remains to be seen. While Prime Minister Papandreou and Prime Minister Ozal cannot singlehandedly bring about a settlement, a settlement is unlikely to occur without their support. The Davos process has created a unique opportunity for a joint effort to resolve the Cyprus problem.

Given the vigor with which President Vassiliou is pushing for rapid results, most believe that Prime Minister Papandreou will not be required to participate actively in the process. Any criticism from Prime Minister Papandreou, however, could provide President Vassiliou's political opponents with an opportunity to undermine the intercommunal talks.

My discussions in the region suggest that Prime Minister Ozal will have to do more than simply support Mr. Denktash. For the reasons outlined in section D(2)(b) above, Mr. Denktash and the Turkish Cypriots have fewer incentives for entering into an agreement than President Vassiliou and the Greek Cypriots. Therefore, Turkey will have to exert constructive pressure on the Turkish Cypriots at the appropriate time. Turkey has considerable leverage to influence the Turkish Cypriot position. Not only do more than 30,000 Turkish troops occupy northern Cyprus, but Turkey pays a

sizable share of the costs of maintaining the economic infrastructure for the Turkish Cypriots.

All indications suggest that over the years Turkey has used its influence on several occasions to urge the Turkish Cypriots toward a more flexible position. In exercising his influence, Prime Minister Ozal's primary concern will be to ensure that the Turkish Cypriots do not appear to be the main obstacle to progress. That seems to have been his chief reason for pushing Mr. Denktash to resume the talks this summer after a 2-year hiatus. Until July 1988, Mr. Denktash had insisted that any further talks be based on the U.N. Secretary General's March 1986 proposed framework agreement—a proposal that had proven unacceptable to the Greek Cypriots. However, after his July 1988 visit to Ankara, which took place 1 month after the Papandreou-Ozal summit in Athens, Denktash agreed to resume talks unconditionally.

But getting the Turkish Cypriots to resume talks may be easier than ensuring a willingness to be flexible at the negotiating table. Many believe that the draft proposal presented by Mr. Denktash at the November 1988 meeting in New York with the U.N. Secretary General contained a hint of flexibility on the three freedoms—the freedom of movement, settlement, and property ownership. That proposal was so carefully hedged, however, and contained such a long transition period on the freedom of settlement and property ownership (18 years), that many believe it represents only a minimal starting point.

While Turkey has the means to exert considerable pressure on the Turkish Cypriots, it is important to recognize the political limitations on the exercise of that leverage. Many understand that the Cyprus problem is a politically explosive issue in Greece, but underestimate its political sensitivity in Turkey. No Turkish political leader can afford to have Mr. Denktash accuse him of selling out the Turkish Cypriots. The revival of Turkish democracy and the spirited Turkish press guarantee that Mr. Denktash's views will be heard throughout Turkey and Mr. Denktash has skillfully played this to his advantage.

These political constraints do not prevent Prime Minister Ozal from influencing events in the "TRNC." They do, however, suggest that he must use his leverage carefully and try to prevent any differences between himself and Mr. Denktash from erupting into the open. At the same time, Greek Cypriots believe that Mr. Denktash cannot hold Turkey's EC ambitions hostage forever. According to this view, if he fails to show any flexibility, his support in Turkey could be eroded over time.

III. New Opportunities for United States Policy

A. NEW OPPORTUNITIES

The Davos process, the election of President Vassiliou and the beginning of fresh talks on Cyprus give the United States a new opportunity to strengthen NATO's southern flank and help resolve problems that have strained United States bilateral relations with Greece, Turkey, and Cyprus. While all the parties in the Eastern Mediterranean have indicated that direct American mediation in

either the Davos process or the Cyprus talks would be unacceptable, many in the region believe the United States can do more to help settle the problems there.

In the past, the United States has often waited until the parties in the region were at war or on the precipice of war before awakening to the dangers at hand. And once the immediate risks subsided, so too has U.S. interest in actively seeking to resolve the underlying problems. But crisis-based policies, characterized by last minute efforts, do not serve long-term U.S. interests in the region. Many in the United States believe the time has come to develop a more activist, long-term, and forward-looking policy. That view has been echoed by many in the region who believe the United States can play a valuable role in helping to resolve the problems there. Finding a way to seize the new opportunities and play a constructive role will be an important challenge for the new Congress and the new administration.

B. SUPPORTING DAVOS

The United States has a strong interest in the success of the Davos process. For years, the Greece-Turkey dispute has stymied NATO efforts to coordinate defense planning on NATO's southeastern flank and created tensions in United States bilateral relations with Greece and Turkey. If the Davos process were to collapse, the antagonism between these two NATO partners could intensify. If the process slowly unravels, a historic opportunity may be lost.

Discussions with officials throughout the Eastern Mediterranean region suggest that the United States, NATO, and the EC could play an important role in bridging the gap between Greece's desire to resolve longstanding political-military concerns throughout the Eastern Mediterranean and Turkey's interest in joining the EC. Two areas deserve particular attention—those Aegean disputes that most disrupt NATO and the Cyprus problem.

NATO and the Aegean Disputes.—The Greek-Turkish disputes have disrupted NATO planning and weakened NATO's southeastern flank. During the last 2 years Greece and Turkey have vetoed about half the planned NATO infrastructure projects in each other's territory (NATO infrastructure projects must be unanimously approved by the members of the alliance). As a result, about $400 million for infrastructure projects critical to NATO's defense of the Straits of the Dardanelles have yet to be disbursed. The credibility of NATO forces on the southeastern flank is further diminished by the fact that Greek and Turkish forces have not exercised together regularly for 15 years.

The two disputes that present the greatest barriers to Greek-Turkish cooperation within NATO concern the militarization of the Greek island of Lemnos and responsibility for NATO command and control of the Aegean airspace. As a result of these disputes, Greece does not participate in any NATO exercises in the Aegean. Each of these disputes is discussed in detail in the appendix.

1. A New NATO Initiative

Discussions with individuals in Greece and Turkey suggest that the time may be ripe—after the Greek elections in June—for the

United States to take the initiative within NATO to resolve the Lemnos controversy and settle the command and control problem. Many believe such an effort would complement and invigorate the Davos process.

In a recent Wilson Center working paper, Ambassador Stearns, an American diplomat who spent 14 years in Greece and Turkey, has argued that "the southern flank of NATO * * * needs more and more knowledgeable attention from U.S. and NATO policymakers." He asserts that "by pretending that the political problems are being solved," NATO has contributed to its military problems in the Eastern Mediterranean and that over the past 25 years NATO has been watching the "decomposition" of its southeastern flank.

A new NATO initiative, focused on the controversies over Lemnos and NATO command and control authority in the Aegean, could strengthen NATO's military posture in the Eastern Mediterranean by helping to address some of the underlying political disputes.

2. Davos and United States Security Policy in the Eastern Mediterranean

While the Davos process has produced a "no war" understanding between Prime Minister Papandreou and Prime Minister Ozal, that understanding remains only a gentlemen's agreement. No formal nonaggression pact has been signed. In order to codify the "no war" understanding, some American experts on the Eastern Mediterranean have proposed that Greece and Turkey sign a nonaggression pact that would be guaranteed by NATO. While Greek officials have demonstrated some interest in this proposal, Turkish officials have not. Turkish officials argue that such a pact would send the wrong signal to the Warsaw Pact. It would, Turkish officials say, create the impression of an alliance whose partners feared one another more than their common adversary to the north. At the same time, however, some Turkish officials acknowledge that Turkey's refusal to accept Greece's right to militarize the island of Lemnos might send the same message.

Whether or not Greece and Turkey enter into a formal nonaggression pact, United States security policy in the region will continue to be governed by the Foreign Assistance Act of 1961 as amended. Section 620(C) of that act requires that United States aid to Greece and Turkey "be designed to ensure that the present balance of military strength among countries of the region * * * is preserved." If the United States prematurely suggests that, as a consequence of the improving relationship between Greece and Turkey, it will abandon its policy of preserving the current military balance—a policy reflected in the United States practice of providing military assistance to Greece and Turkey on the basis on a 7-to-10 ratio—Greece could have fewer incentives to make the Davos process work.

C. FINDING A SOLUTION ON CYPRUS: DEFINING THE AMERICAN ROLE

The emergence of the Davos process, the election of the President Vassiliou, and the revival of the Cyprus talks have opened a

new window of opportunity for United States policymakers to help resolve the Cyprus problem. Finding a way to seize the opportunity will be a key challenge for the new administration and the new Congress.

The United States has an important stake in the resolution of the Cyprus problem. Because many of the Aegean disputes that inflame Greek-Turkish relations today and weaken NATO's southern flank can be traced to clashes over Cyprus, a settlement on Cyprus could provide the stimulus for resolving the array of other disputes and restore NATO's credibility in the region. A settlement would also remove a disruptive element in United States bilateral relations with Greece, Turkey and Cyprus. Finally, the United States has a strong interest in resolving a highly emotional conflict that has ensnared United States policymakers on numerous occasions since the Republic of Cyprus was formed in 1960.

1. The Limits of American Involvement

As all the concerned parties in the Eastern Mediterranean have made clear, the United States would not be accepted as a direct mediator between Greek and Turkish Cypriots. Many Greek Cypriots still have questions about the American role in connection with the events surrounding the 1974 crisis and Turkish Cypriots remember the periods of intercommunal violence in 1964 and 1967, when the United States warned Turkey against intervening on their behalf. Both Athens and Ankara have also indicated that they would oppose the creation of a United States mediator to broker the Cyprus dispute.

In addition, individuals throughout the Eastern Mediterranean have warned American policymakers to resist the temptation to unveil public proposals for the resolution of the Cyprus problem. The last time the United States put forward a plan was in 1978 (the Nimetz plan). While Britain and Canada joined the United States in sponsoring this plan, which then became known as the ABC (American-British-Canadian) plan, its American origins doomed it to failure. The plan was coolly received by both sides, and ultimately rejected by the Greek Cypriots. Looking back, some Greek Cypriot political leaders have suggested that its identification with the United States was the primary reason for the plan's rejection. Indeed, many of the key elements of the plan have since been incorporated in the U.N. Secretary General's proposals from 1978 to the present.

2. A Policy of Active Persuasion

The choice for American policymakers is not between direct mediation on the one hand, and indifference on the other. Conversations with officials in the region suggest that a more vigorous United States effort to resolve the Cyprus problem could significantly improve the prospects of a settlement.

The United States has made some efforts to use its influence to help bring about a settlement on Cyprus. On numerous occasions over the past several years, State Department officials have met with U.N. officials and the parties in the Eastern Mediterranean to discuss the Cyprus situation. These efforts have been generally constructive and sometimes helped nudge the talks forward.

In recent years, however, the Cyprus problem has received very little high-level attention from the United States. Many in the region believe that a more high-level effort by the United States—to reinforce, not substitute for, the U.N. Secretary General's effort—is needed to keep the talks moving forward. In a March 25, 1989, letter, a bipartisan group of Senators on the Senate Foreign Relations Committee urged Secretary Baker to give the Cyprus problem his "prompt personal attention" and to "make the resolution of the longstanding Cyprus impasse a major priority in the months ahead." The Senators observed that "only a sustained effort on the part of the United States will convince all of the parties concerned, on Cyprus and in the Eastern Mediterranean, of our determination to help find a solution."

Discussions with officials throughout the Eastern Mediterranean region suggest that, in constructing a policy to take advantage of the new opportunities in the Eastern Mediterranean, the United States should build upon the framework established in Section 620(C) of the Foreign Assistance Act (FAA) and consider the following policy elements: Active support for the U.N. Secretary General's mediation efforts, including greater pressure on all the interested parties to make the necessary compromises; continued nonrecognition of the "TRNC"; promotion of confidence-building measures; a renewed promise of economic assistance; greater cooperation between the executive and legislative branches; and strong support for the U.N. peacekeeping forces in Cyprus (UNFICYP).

(a) *Active Support for the U.N. Effort.*—The U.N. Secretary General's mediation efforts offer the best hope for progress on Cyprus. Perez de Cuellar has already set June 1989 as the target date for a framework agreement and met twice with President Vassiliou and Mr. Denktash—in Geneva last August and in New York last November.

During the November meeting, after a stopover in Ankara, Mr. Denktash presented some proposals that many believe contain a hint of flexibility on the principles of the three freedoms. However, many also believe that the proposals are riddled with qualifications and include an unacceptably long waiting period before implementation would begin. On January 30, 1989, President Vassiliou presented some "Outline Proposals" for a solution on Cyprus that were greeted by many as an important signal of his willingness to address Turkish Cypriot concerns. The U.N. representative on the island, Oscar Camilion, now faces the task of trying to find some common ground between the two proposals. The next meeting between the President Vassiliou, Mr. Denktash, and U.N. Secretary General de Cuellar is expected to take place in April.

A cornerstone of United States policy on Cyprus has been to support the U.N. mediation effort and in recent years the United States has, on occasion, used its influence to reinforce the Secretary General's efforts. For example, in December 1984 the Turkish Cypriots announced that they were prepared to accept a zone comprising less than 30 percent of the island after Washington gave Ankara a diplomatic push. The United States also encouraged the Turkish Cypriots to accept the U.N. Secretary General's March 1986 draft agreement and to renew the dialog last summer. Final-

ly, the United States has urged all the parties concerned to demonstrate flexibility as the new talks progress.

Nevertheless, many believe that U.S. support for the U.N. mediation effort should take a more active form. Largely because of the sporadic nature of the talks in the past, no overall strategy has guided the U.S. approach. Now that fresh talks are underway, many believe the United States should devise a comprehensive strategy for using American leverage to augment the Secretary General's effort. In their March 15, 1989, letter to Secretary Baker, a bipartisan group of Senators on the Foreign Relations Committee stated, "We believe it is appropriate at this time to impress vigourously upon all the parties in the region the importance which the United States attaches to good-faith cooperation with the U.N. effort to achieve a just and workable Cyprus settlement."

By making the Cyprus problem an everyday aspect of United States relations with all the interested parties—the Greek Cypriots, the Turkish Cypriots, the Greeks, and the Turks—the United States could elevate the importance of the issue and use its influence to help break the deadlocks which arise. A more active approach would reinforce, not undercut, the U.N. Secretary General's effort. As part of a more active approach, some recommend that the United States encourage the Secretary General to exercise greater latitude in proposing innovative solutions of his own when the talks reach an impasse. With the backing of the United States and the international community, a more activist U.N. effort could clear the logjams of the past.

(b) *Nonrecognition of the "TRNC".*—In November 1983, the Turkish Cypriots unilaterally declared the creation of an independent state in northern Cyprus—the "Turkish Republic of Northern Cyprus" ("TRNC"). This action was roundly condemned by the United States and the international community. Only Turkey has recognized the "TRNC." On November 18, 1983, the United States supported U.N. Security Council Resolution 541, which "deplores the declaration of the Turkish Cypriot authorities of the purported secession of part of the Republic of Cyprus" and "considers the declaration * * * as legally invalid and calls for its withdrawal." The resolution also "calls upon all states not to recognize any Cypriot state other than the Republic of Cyprus."

As discussed in section D(2)(b) above, the international community's refusal to recognize the "TRNC" remains one of the key incentives for keeping the Turkish Cypriots engaged in the U.N.-sponsored talks. Strict U.S. adherence to its nonrecognition policy encourages others to remain firm as well. Continued Western unity on this matter should also discourage Turkey from launching initiatives aimed at garnering international recognition for the"TRNC."

(c) *Promise of Economic Assistance.*—In May 1984 President Reagan announced the creation of a $250 million peace and reconstruction fund for Cyprus. The fund was to be made available in the event the two sides reached a settlement or needed economic assistance to pave the way for a settlement.

Discussions in the region suggest that a renewal of that offer could have positive effects. It would prove particularly attractive to the economically disadvantaged north. As discussed in section

D(2)(b) above, one of the few incentives keeping the Turkish Cypriots at the bargaining table is the hope that a settlement would improve their economic situation. If the $250 million was to be spent on developing the most economically depressed parts of the island, the Turkish Cypriots would stand to benefit. That sum would be a small price to pay for the advantages of a settlement on Cyprus.

(d) *Confidence-Building Measures.*—There are a variety of small steps that can be taken to reduce tensions and promote better understanding as the search for a comprehensive solution continues. The Representatives of the Greek and Turkish Cypriot Communities of Nicosia, Lellos Demetriades and Mustafa Akinci, have successfully worked together to help restore the city of Nicosia. Their success has led many to suggest that more bicommunal projects should be undertaken. U.N. officials on the island have also worked to foster cooperation and reduce tensions between the two sides. U.N. officials have proposed a "deconfrontation plan" to reduce the risk of violent clashes in the buffer zone. These ideas—an increase in bicommunal projects and the U.N. deconfrontation proposal—are discussed next.

Bicommunal Projects.—The United States currently provides Cyprus with $15 million in economic support funds (ESF). One-third of this assistance is dedicated to the Cyprus American Scholarship Fund (CASP). Under this program, hundreds of Greek and Turkish Cypriots have received scholarships in the United States.

The CASP program could be structured in a way that promotes greater interaction among the Greek and Turkish Cypriot students. One of the factors that works against a settlement is the fact that an entire generation of Greek and Turkish Cypriots growing up on opposite sides of the green line never meet their counterparts. While the CASP program offers great potential for bringing together these young people, as currently structured, it does not fully exploit that potential. There is an initial orientation program, but few subsequent opportunities for the students to maintain contact.

The remaining $10 million of the $15 million in ESF is administered for the United States by the U.N. High Commissioner for Refugees (UNHCR). These funds are divided between the two communities according to a ratio that reflects their relative shares of the population—about 80 percent to the Greek Cypriots and about 20 percent to the Turkish Cypriots. About one-third of these funds are spent on bicommual projects that mutually benefit both sides and require joint cooperation. Thus, in fiscal year 1988, $3.55 million was spent on the Nicosia sewage project, the Nicosia Master Plan, and the rehabilitation of handicapped people ($2.8 million was charged to the Greek Cypriot account and $750,000 to the Turkish Cypriot account). The remaining funds are spent on independent projects on both sides according to the 80/20 formula.

Some have suggested that a greater portion of the UNHCR-administered funds should be spent on bicommunal projects, rather than projects which benefit only one side or the other. Not only do bicommunal projects benefit both sides, but they require interaction between the two sides. As Mr. Lellos Demetriades and Mr. Mustafa Akinci have demonstrated, the two sides can cooperate on mutually beneficial projects. U.N. officials believe it is essential to encourage such cooperation.

Deconfrontation.—Last year there were a number of violent incidents in the buffer zone that runs across Cyprus, separating the Turkish occupied north from the south. Both Greek and Turkish Cypriots lost their lives.

The most dangerous part of the buffer zone is that portion which runs through the city of Nicosia. At some points in the city the zone is less than 20 yards wide. The proximity of Greek Cypriot and Turkish forces in these areas has increased the chances of confrontation between the sides. The U.N. Commander on Cyprus, General Greindl, has tried to persuade both sides to expand the width of the buffer zone in these narrow areas. After the incidents of last year, the two sides may be more inclined to accept his advice. The U.N. would appreciate international backing for its initiative on this matter.

(e) *The Bedrock of United States Policy: Section 620(C) of the FAA.*—Section 620(C) of the Foreign Assistance Act (FAA) of 1961, as amended, provides the legislative backbone for any new United States efforts to bring about a settlement on Cyprus. Section 620(C) was enacted in 1978, when the Congress authorized the President to lift the military embargo against Turkey if he determined that it would be in the "national interest of the United States and in the interest of NATO and that the Government of Turkey is acting in good faith to achieve a just and peaceable return of refugees to their homes and properties, and continued removal of Turkish military troops from Cyprus in the context of a solution to the Cyprus problem * * *" President Carter made such a determination on September 26, 1978. Section 620(C) of the FAA was designed to guide U.S. policy once the military embargo was lifted.

Turkish Troops on Cyprus.—Those who opposed the lifting of the arms embargo against Turkey feared that such a step would remove a key incentive for the withdrawal of Turkish troops from Cyprus. Thus, Section 620(C) of the FAA declares that the lifting of the embargo "shall not signify a lessening of the United States commitment to a just solution to the conflict on Cyprus." As part of that commitment, the legislation requires that the United States "shall use its influence to achieve the withdrawal of Turkish military forces from Cyprus in the context of a solution to the Cyprus problem." In addition, Section 620(C) mandates that "the United States will provide military assistance for Greece and Turkey only when furnishing that assistance is intended solely for defensive purposes, including when necessary to enable the recipient country to fulfill its responsibilities as a member of NATO."

The intent of this legislation was called into question during the summer of 1986, when the U.N. Secretary General reported that Turkey had upgraded some of its forces on Cyprus and the administration belatedly confirmed that Turkey was using U.S. military assistance to upgrade its tank forces on the island. A number of legislators in both the Senate and House argued that these Turkish actions violated the intent of Section 620(C) and introduced legislation explicitly prohibiting the transfer of United States military equipment from Turkey to Cyprus.

Sponsors of the 1986 legislation argued that the transfer of United States equipment to Cyprus was not done "solely for defensive purposes" nor to enable Turkey to fulfill "its responsibilities

as a member of NATO." They also pointed out that fiscal year 1988 congressional presentation document, in which the administration outlined the rationale behind its military assistance request for Turkey, had argued that "the upgrade of the M-48 to the A-5 configuration represents the most economical way for Turkey to equip its tank fleet with the state-of-the-art optics, armorplates, and firepower required to match Soviet tanks along its frontier. Modernization of Turkish armored capabilities is essential if Turkey is to meet its NATO obligations." Supporters of the legislation observed that Cyprus was not along the Soviet frontier and that Turkish troops on Cyprus did not fulfill any NATO obligation.

The Congress addressed these problems by including a provision in the fiscal year 1988 continuing resolution specifying that the United States will provide military equipment to other countries only "with the understanding that it will not be transferred to Cyprus or otherwise used to further the severance or division of Cyprus." The President is required to report to the Congress any substantial evidence of a breach of this understanding.

Preserving the Military Balance.—Section 620(C) requires that United States security assistance to Greece and Turkey "shall be designed to ensure that the present balance of military strength * * * between Greece and Turkey is preserved." Ever since the arms embargo on Turkey was lifted in 1978, the Congress has developed the practice of providing military assistance to Greece and Turkey on the basis of a 7-to-10 ratio. Abandoning this ratio before a Cyprus settlement has been reached would be interpreted as a diminished United States interest in finding such a settlement and remove one of few instruments the United States has for pushing Turkey to actively seek a solution.

(f) *Better Cooperation Between the Executive Branch and the Congress.*—The executive branch and the Congress have often worked at cross-purposes on the Cyprus question, particularly with regard to Cyprus' place in the United States-Turkish bilateral relationship. The Congress has traditionally sought to make Cyprus a higher priority in United States-Turkish relations than has the Executive. In addition, the Executive has asserted that the 7-to-10 ratio and restrictions on the transfer of United States military equipment damage United States-Turkish relations without enhancing the prospects of a settlement on Cyprus.

This executive-legislative split has undercut efforts to use American influence to bring about a settlement on Cyprus. In February 1987, during consideration of the Reagan administration's foreign aid request, then Secretary of Defense, Caspar Weinberger, told the House Foreign Affairs Committee that existing United States law prohibited only the use of United States military equipment on Cyprus, not the transfer of such equipment. His statements created an uproar in Greece and Cyprus, and fueled congressional efforts to explicitly prohibit such transfers. The next day the State Department declared that "the remarks by American defense officials ran contrary to State Department policy on Cyprus." Nevertheless, Secretary Weinberger's remarks and later administration attempts to derail the legislation explicitly prohibiting transfers of military equipment from Turkey to Cyprus sent just the wrong signal to Ankara.

The administration has also sought to effectively circumvent the 7-to-10 ratio on military assistance to Greece and Turkey through a variety of nonappropriated forms of assistance to Turkey. These forms of assistance include leases, waivers of nonrecurring costs, the purchase of British Rapiers for Turkish air defense, prepayment of NATO infrastructure funds, generous coproduction agreements, military industrial cooperation, use of Turkish shipping, and the transfer of excess United States defense equipment. During the life of the 5-year 1980 United States-Turkish Defense and Economic Cooperation Agreement (DECA), these nonappropriated forms of assistance had an estimated value of $1 billion.

In the fiscal year 1988 continuing resolution the Congress responded to some of these administration actions by requiring that the same ratio apply to the value of excess defense equipment provided to Greece and Turkey as applies to the regular military assistance to those two countries. Nevertheless, the executive branch continues to exercise broad authorities available to the Department of Defense to help Turkey in ways that it does not for other NATO countries in southern Europe. These actions send contradictory signals and reduce some of the leverage that might be gained from congressional actions. A policy based on a common executive-legislative understanding is likely to prove more effective than one marked by deep divisions.

(g) *Support for U.N. Forces in Cyprus (UNFICYP).*—Pursuant to Security Council Resolution 186, U.N. forces were first dispatched to Cyprus in March 1964 to stem the intercommunal violence. They now patrol the buffer zone between the Greek and Turkish cease-fire lines of 1974. UNFICYP is funded by voluntary contributions through a special U.N. peacekeeping account. Troop contributing countries absorb about 70 percent of the costs. The balance is paid from voluntary contributions of U.N. members. As these contributions have never been sufficient to meet the cost of the force, the reimbursement claims from the troop-contributing countries have been met only up to December 1979. The accumulated deficit to date is about $165 million.

In his November 1988 report, the U.N. Secretary General stated that "the deficit which continues to worsen cannot but jeopardize the very existence of the force. As I have repeatedly stated, it is not fair that the troop-contributing governments should have to bear so large a share of UNFICYP's cost." Early in 1988 Sweden pulled out its troop contingent because of the failure of U.N. members to share the costs.

UNFICYP's financial situation is getting worse at the very moment that it has again shown itself to be indispensable. Without the presence of U.N. troops, the shooting incidents that took place in the buffer zone last year could have escalated out of control. Yet, unless the international community meets its responsibilities, other troop contributing countries could follow the Swedish example. While the United States is a strong supporter of UNFICYP, its contribution has fallen from $9 million in fiscal year 1985 to $7.3 in recent years. The U.N. Secretary General would like the United States to restore its earlier level of support.

APPENDIX

THE GREEK-TURKISH DISPUTES: AN AGENDA OF THE AEGEAN ISSUES [1]

Background.—Since the late 1950's, Greece and Turkey have been embroiled in various disputes concerning their respective rights in the Aegean sea. The major issues of contention involve questions of control and sovereignty over the Aegean Sea, the continental shelf under it, and the airspace over it. The Aegean situation is further complicated by two other issues—Turkey's refusal to recognize Greece's claimed right to militarize the Greek island of Lemnos, and differences over the appropriate NATO command arrangements in the Aegean. Some of these disputes, particularly the disagreement over NATO command and control arrangements, were precipitated by the Cyprus crisis of 1974. And even those disputes which have no direct bearing on the Cyprus problem have been exacerbated by tensions arising from the Cyprus conflict.

The two sides continue to disagree about the best means for resolving the Aegean disputes. For the most part, Greece looks to international law to support its positions. Thus, Greece argues that the extent of its territorial waters and airspace are dictated by international regimes and are not subject to negotiation. Greece believes that those issues which do constitute a genuine dispute—such as the demarkation of the continental shelf—should be referred to an international tribunal.

Turkey, by contrast, views the Aegean as a unique geographical setting in which the application of strict legal formulations would produce inequitable results. Thus, Turkey believes that solutions, to be durable, must be political rather than legal. Furthermore, Turkey argues that questions concerning the continental shelf, airspace, and territorial waters are intertwined and must be dealt with as a package. Over the years Turkey has proposed settling these questions through bilateral negotiations rather than international arbitration.

Civilian and Military Airspace.—Since the Cyprus crisis of 1974, there have been disagreements between Greece and Turkey over the flight information regions (FIR) established by the International Civil Aviation Organization (ICAO). From 1952 to 1974, the boundary line for the ICAO-established FIR in the Aegean was drawn roughly at the edge of the Turkish territorial sea (6 miles off the Turkish coast).

This effectively gave Greece control of all civilian and much military air traffic over the Aegean. During the Cyprus crisis of 1974,

[1] Adapted from a Congressional Research Service Issue Brief by Ellen Laipson.

Turkey issued a notice to airmen (NOTAM 714) that required flights approaching Turkey from the west to report to the Istanbul FIR from the midpoint of the Aegean, thus replacing the ICAO approved procedure. As a result of the NOTAM and Greece's countermoves, civilian air traffic over the Aegean was effectively shut down. Active negotiations were held in 1975 and 1976 to devise a new formula for use of Aegean airspace.

The stalemate over civilian use of airspace was overcome in 1980, when, in the context of an improved bilateral atmosphere, Turkey cancelled NOTAM 714 as a good-will gesture. The Greeks reciprocated by cancelling their NOTAM's, and civilian traffic resumed.

NATO Command and Control.—NATO's unwillingness to demand the withdrawal of Turkish forces from Cyprus following the 1974 invasion prompted Greek Prime Minster Constantine Karamanlis to pull Greece out of NATO's military wing. It wasn't until 1978, however, that NATO restructured its command and control responsiblities in the Aegean to take into account Greece's departure.

Until 1978, there were two NATO headquarters in Izmir—Land Forces South-East Europe, and the Sixth Allied Tactical Air Force. Each of these headquarters was headed by an American general with Greek and Turkish deputies. With the withdrawal of the Greek forces, however, NATO decided to place these two headquarters under the command of Turkish generals with American deputies. Thus, in July 1978, the two commands became "Turkish-NATO" headquarters, the land command being directly subordinate to CINCSOUTH in Naples, and the air command falling under CINCSOUTH's subordinate, Commander Allied Air Forces Southern Europe.

At the same time, as part of an effort to lure Greece back into NATO's military command structure, then Supreme Allied Commander Europe (SACEUR), Alexander Haig, proposed that a new Greek command be established at Larissa (site of an existing air force and army facility). Under the Haig proposal, Greece was to obtain operational control over the entire Aegean up to the flight information line (FIR), which runs about 6 miles off the Turkish coast. Turkey was the only NATO member to reject the plan. Haig made two subsequent proposals, both of which proved unacceptable to Greece.

Haig's successor, Gen. Bernard Rogers, renewed these efforts without success. Although the issue remained unresolved, Greece reentered NATO's military command in October 1980. However, partly because of the continuing dispute over command and control arrangements, Greece refuses to participate in NATO exercises in the Aegean. The other reason Greece abstains from NATO exercises in the Aegean relates to the dispute over Lemnos, which is considered next.

The Island of Lemnos and NATO Exercises in the Aegean.—The Greek island of Lemnos is located in the northern Aegean and would, according to defense experts, be important to the defense of both Greece and Turkey in the event of a Warsaw Pact attack. However, despite Lemnos's strategic importance, Turkey claims that international treaties bar Greece from militarizing the island. In response, Greece cites numerous international treaties, includ-

ing the U.N. Charter, that uphold its right of self-defense through fortification of Lemnos and its other frontier islands. Greece also asserts that the 1923 Lausanne Treaty, which called for the demilitarization of Lemnos and other islands, is superseded by the Montreux Convention of 1936 and the 1947 Treaty of Paris, which do not make reference to the demilitarization of Lemnos.

Turkey, however, claims that the Lausanne Treaty still applies, that Lemnos must remain demilitarized, and that the later treaties do not change the status of the island. According to some Turkish experts, the Lausanne Treaty of 1923 represents the final chapter of the breakup of the Ottoman Empire and the establishment of the new Turkish republic. Therefore, any measures which appear to Turkey to erode the Lausanne arrangements are politically unacceptable.

NATO has decided to exclude Lemnos from Aegean exercises on the grounds that it does not want to get ensnared in a bilateral dispute between member states. Greece, however, contends that NATO's refusal to include Lemnos in NATO exercises constitutes a tilt toward the Turkish position. As a result, Greece does not participate in any NATO Aegean exercises.

Territorial Limits.—Two other Aegean disputes involve the radius of Greek territorial waters around her Aegean islands and the extent of national airspace above them. While both Greece and Turkey currently claim 6-mile territorial seas, Greece reserves the right to increase its limit to 12 miles in accordance with the U.N. Law of the Sea regime. Turkey has argued that such a move would turn the Aegean into a "Greek lake" and would be a casus belli.

In addition, since 1931, Greece has claimed a 10- mile airspace above its islands. Thus, the claimed Greek airspace extends 4 miles beyond Greece's territorial sea—what NATO planners call the "4-mile Greek donut." This is not a practice followed by other nations, and is not recognized by Turkey. As a result, Greece frequently charges Turkey with violating its airspace.

The Continental Shelf.—In March 1987 Greece and Turkey approached the brink of war over oil drilling rights on the continental shelf of the Aegean Sea. The incident was simply the most recent of a series of similar episodes.

This contentious problem dates at least from 1973, when the Turkish Government began exploring for oil in areas that overlapped Greece's claimed continental shelf. In response to Greek protests, Turkey proposed negotiations, but pursued its activities, with warships escorting the exploration vessels.

The two sides' legal arguments are difficult to reconcile. Greece adheres to the 1958 Convention on the Continental Shelf and has signed the 1982 U.N. Convention on the Law of the Sea. These conventions prescribe a set of rules for determining the rights which coastal states and islands have over their adjacent continental shelves. Turkey supports neither convention. The Turks have proposed a different set of rules for dividing up the Aegean continental shelf. The Turkish view employs the concept of the natural prolongation of the mainland. Thus, Turkey's shelf would include islands which are located on the natural prolongation of the Turkish land mass and which, according to Turkey, do not have continental shelves of their own.

In January 1975, Greece proposed taking the shelf issue to the International Court of Justice at the Hague (ICJ). The Turkish Government accepted, but the subsequent return to power of Turkish Prime Minister Suleyman Demirel led to some uncertainty in Turkey's position; Demirel favored bilateral negotiations over recourse to the court. Nonetheless, the two sides began discussions aimed at a joint request to the ICJ. Meetings between legal experts took place in a strained atmosphere in the aftermath of the Cyprus crisis. The Turkish leadership was under considerable public pressure to stand tough, and by mid-1976, Turkey was actively pursuing explorations in the Aegean again.

Greece brought the continental shelf issue to the U.N. Security Council in August 1976. Resolution 395 was adopted, calling on the two governments to resume direct negotiations to find mutually acceptable solutions, and inviting them to take into account the contribution the ICJ could make in settling legal differences. Although the resolution clearly did not resolve any fundamental issues, it allowed the two parties to back away from the course of escalating confrontation.

It was in that environment that the two countries began a bilateral dialog. After 10 days of talks in Berne, Switzerland, the two sides agreed to a declaration that established a set of guidelines for future negotiations over the continental shelf. The declaration said, among other things, that both parties would refrain from any initiative or act relating to the continental shelf which might prejudice negotiations. They also agreed to a moratorium on press leaks and on statements that would discredit the other party.

Greece, in late 1976, also began proceedings against Turkey in the ICJ over delimitation of the continental shelf, and requested interim protection from the court, in the hope that the court would call on both sides to refrain from exploration activity. The court rejected the request for protection, ruling that there was no evidence of "irreparable prejudice" of Greece's rights to its continental shelf. In January 1979, the court ruled that it lacked jurisdiction on the shelf case.

In March 1987, a new chapter in the history of the continental shelf dispute was written. In late February 1987, Greece announced that the state-owned Public Petroleum Corp. was moving to take over the Canadian-managed international North Aegean Petroleum Consortium. Although some Greek officials explained the nationalization as a means for the government to prevent any provocative moves by the consortium to begin drilling, the Greek Undersecretary for Foreign Affairs publicly said that Greece reserved the right to drill wherever it chose. Turkey considered this statement to effectively repudiate the Berne Declaration of 1976 and dispatched its oil exploration ship, with naval escort, toward the Greek islands. By March 27, both nations' military forces were on alert. As in past crises, both sides eventually backed away from the brink. On March 28, the two governments exchanged assurances that each would refrain from further provocative activities. Greece promised to not drill off its island of Thasos, and Turkey agreed to keep its exploration ships within the 6-mile limit of Turkish waters.

The Thasos incident triggered an exchange of correspondence between the two governments. In the course of that correspondence, Prime Minister Ozal reportedly indicated that he "neither accepts nor rejects" recourse to the ICJ, which some observers consider a sign of new flexibility in the Turkish position. After considerable back-channel activity, the two leaders agreed to meet in Davos to chart the future course of their dialog.

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